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GUILD SOCIALISM

GUILD SOCIALISM

AN HISTORICAL AND CRITICAL ANALYSIS

BY

NILES CARPENTER, PH. D.

INSTRUCTOR AND TUTOR IN SOCIAL ETHICS
IN HARVARD UNIVERSITY

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IN LOVING AND GRATEFUL MEMORY

FLORENCE ELLIOTT CARPENTER

1857–1920

"Her children rise up, and call her blessed."

416544

PREFACE

In 1913, while I was an undergraduate in Northwestern University, one of my instructors called my attention to a school of social thought which had just been promulgated in England. As my knowledge of labor problems and of social theories grew, I came to feel more and more strongly that this philosophy of National Guilds was of especial timeliness and significance. Accordingly, I selected it six years afterwards as the topic for my doctrinal dissertation in Harvard University, and later for personal investigation in England. Out of these years of study and of observation this book has been written.

I have somewhat regretfully come to the conclusion that Guild Socialism, as at present formulated, is not the sovereign remedy that at first it seemed. I find much of inconsistency, irrelevancy, and obscurity in its doctrines. Nevertheless, I feel that the Guild Idea contains elements of vital importance to the problems of industrial relations and of community organization that so urgently press themselves for solution to-day. Consequently, I feel that there may be use for a book that states the history and doctrines of Guild Socialism, and that also attempts an estimate of its strong and weak points. I realize only too well the shortcomings that are all but unavoidable in the presentation of so comprehensive a subject within the relatively narrow compass that it has seemed wise to set for this work. I realize also the difficulty of essaying anything like a definitive *critique* of a movement so new and so constantly in flux as the Guild Movement. I hope, however, that the general reader, seeking to acquaint himself with the Guild

Idea, may find the book helpful and that the scholar will not regard it as anything more than an introduction to and a commentary upon the large and very interesting body of Guild literature.

To Associate Professor Ronald S. Crane, of Northwestern University, I owe my introduction to the Guild Idea. To Professor Robert L. Foerster, formerly of Harvard University, now of Princeton University, I am indebted for patient and helpful criticism. Professors Taussig, Carver, Cabot, and Young, of Harvard University, have also given valuable suggestions at various stages of the work, as has also Professor Cazemian, of the Sorbonne, Paris.

In addition, Messrs. Penty, Orage, Cole, Hobson, Douglas, Reckitt, Bechhofer, De Maetzu and other English Guildsmen have been exceedingly courteous in the cheerfulness with which they have put at my disposal historical data, and in the very great patience with which they have submitted to interminable interviews and responded to numerous letters.

Miss Helen W. Prescott has been of invaluable assistance in the preparation of the text.

Finally, I wish to express my gratitude to my wife, without whose assistance the material for this book could never have been gathered, and without whose inspiration and loyal coöperation it could never have been written.

CAMBRIDGE, MASSACHUSETTS. N. C.

CONTENTS

CHAPTER PAGE

I. INTRODUCTORY—THE GUILD IDEA 1

PART I

HISTORICAL

II. THE BACKGROUND OF THE GUILD IDEA 7

1. The Revolutionary Outburst of the "Eighteen Thirties and Forties" 8
The Tradition of Working-Class Revolution . . 13
The Experiment in Coöperative Production . . 14
The Effort to Transform the Social Order through Militant Industrial Unionism 15
2. The Formulation of an Economics of Discontent . 16
The "Scientific" Socialism of Karl Marx . . 16
The Humanitarian Criticism of Classical Political Economy 19
3. The "Idealist and Interventionist Reaction" against Industrialism 21
The Religious Revolt against Industrialism . . 22
The Political Revolt against Industrialism—Factory Legislation 25
The Literary Revolt against Industrialism . . 27
The Prose Essay 27
Fiction 32
The Statement of the Industrial Problem in Terms of Human Rights and Wrongs 36
The Sentimental-Moral Reaction against the Industrial System 37
The Insistence upon the Right of the Community to Interfere with Private Enterprise . . . 37
Impatience with the Economic Theories associated with the *Laissez-faire* Policy 38
4. The Medievalist Reaction 39
Popular 39
Political-Tory Democracy 41
Religious: The Anglo-Catholic Revival . . . 42

CHAPTER PAGE

Literary and Artistic: Carlyle, Ruskin, Morris, The "Arts and Crafts" Movement . . . 46
Respect for Medieval Institutions 49
The Spirit of Anti-Politicalism 49
The Spirit of Anti-Statism 50
The Spirit of Industrial Democracy 50
5. The Example of Foreign Labour Movements . . 50
Industrial Unionism 51
Direct Action 52
The General Strike 52
Anti-Statism 52
Industrial Democracy 53

III. The Birth of the Guild Movement 54

1. The Rising Tide of Reform 54
The "New Unionism" 54
Fabian Collectivism 56
"The New Liberalism" 57
The Labor Party's Entrance into British Politics 59
2. Independent Reform Movements 61
The Anti-Collectivists 61
The Anti-Statists 65
The Socialist-Laborists 67
3. The New Revolutionism 74
The Reappearance of a "Strike Fever" . . . 75
The Preaching of Syndicalism 78
The Osborne Decision 80
4. The Proclamation of Guild Socialism 81
The Personalities of the First Expositors of Guild Socialism 81
The Gilds Restoration Movement 90
The Hobson-Orage Articles and the New Age Propaganda 93
The Fabian Society "Split" and the Founding of the National Guilds League 94

IV. The Progress of the Guild Movement 97

1. Developments in the Guild Idea 97

CHAPTER PAGE

Señor de Maeztu's and Mr. Tawney's Development of the "Functional Principle" . . . 97
Mr. Cole's and Mr. Hobson's Political Theories . 99
J. M. Paton's Theory of Encroaching Control . 99
The Douglas-Orage Credit Scheme 100
2. The Propaganda of the Gulid Idea 101
The National Guilds League 101
The New Age 104
Guild Socialist Literature 105
3. The Diffusion of the Guild Idea 106
British Trade Unionists 106
Other British Socialist Schools 110
Outside of England 113
4. Propaganda by Experimentation 118
5. Disputes over the Present Application of the Guild Idea 125
Causes 126
Progress 133
Consequences 135

PART II

DESCRIPTIVE

V. The Case for Guild Socialism 141
1. The Moral and Psychological Argument 142
The Commodity Theory of Labor 142
Industrial Autocracy 142
The Violation of the "Functional Principle" . . 145
2. The Esthetic Argument 145
3. The Political Argument 146
The Preëminence of Economic Power 148
The Functional Theory of Society 147
4. The Economic Argument 149
The Marxian Analysis 150
The Douglas-Orage Analysis 151

VI. The Ideal Commonwealth of Guild Socialism . 158
1. The Guilds 159
Definition and Classification 159

CHAPTER		PAGE
	Workers "by hand and brain"	159
	Responsibility and freedom	159
	Democracy	161
	Industrial, civic and distributive Guilds	161
	Structure and Government	164
	The Unit of Guild organization	164
	The choice of officials	165
	Membership	168
	Admission and expulsion	169
	Recruitment for disagreeable and dangerous work	169
	Disposal of surplus workers	170
	"Pay"	171
	Industrial maintenance	171
	Fixing of "pay"	172
	2. Inter-Guild Relations	175
	"Liaison"	175
	Guild Councils	175
	3. Guilds and the Community	176
	Miscellaneous Provisions	177
	Independent occupations	177
	The right to strike	178
	Communal functions	179
	Taxation	180
	The Civic-Sovereignty Theory	180
	The Guild Commune Theory	183
	Composition of the Commune	183
	Powers and duties	185
	The Douglas-Orage Credit Scheme	190
VII.	The Tactics of Guild Socialism	193
	1. "First Steps"	193
	The Redirection of Trade Union Policy	194
	Industrial Action	194
	The trade union as a Guild in embryo	195
	The Reorganization of Trade Union Structure	195
	Industrial unionism	196
	The shop basis of organization	197
	The closer integration of all trade union forces	199

CHAPTER PAGE

The Expanion of Trade Union Membership . 200
2. The Policy of "Supersession" 203
3. The Policy of Encroaching Control 204
Encroachment over the Workshop 206
Expansion of the functions of shop-committees and shop-stewards 206
Election of foremen 207
Encroachment over other fields 208
Expropriation 209
Encroachment over rent, interest, and profits 210
Nationalization 210
Catastrophic Action 212
"Rough and ready justice" 213
4. The Policy of Propaganda by Experimentation . 216
5. The Policy of Credit Control 218
The Communalization of Credit 219
The Fixing of Prices 224

PART III

CRITICAL

VIII. Weaknesses in the Guild Idea 233

1. The Economics of Guild Socialism 233
Its Relative Indifference to Economic Considerations 234
Its Marxian features 236
The economic analysis of Guild Socialism . 237
The practical proposals of Guild Socialism . 238
The labor-time basis of price-fixing . . . 238
The Provision of capital 239
Its Misreading of Economic History . . . 246
The Douglas-Orage Credit-Scheme 250
The preliminary analysis of the existing régime 251
Failure to square with the facts . . . 251
Unwarranted assumptions 253
Theoretical inadequacy 254
The Scheme proper 259

CHAPTER PAGE

Theoretical difficulties 260
Practical difficulties 261
2. The Politics of Guild Socialism 263
Preliminary Statement on Democracy . . . 263
The Hazard of Anarchy 264
The Trend towards Collectivism 266
The Impotent Commune as an Alternative to the Omnicompetent State 271
The Failure to Provide for a Party System . . 274
3. The Ethics of Guild Socialism 276
Expropriation 276
The Douglas-Orage Credit Scheme 279
4. The Psychology of Guild Socialism 282
Questions of Instinct 282
Questions of Capacity 285
Motives, Statement of 288

IX. Elements of Strength in the Guild Idea . . . 290

1. The Central Principles of the Guild Idea . . . 291
Democratic Industrial Self-Government . . . 291
The Preferability of industrial self-government 291
The Preferability of industrial democracy . 294
Is industry capable of democratic control? . 295
Is the time ripe for attempting democratic control? 298
The Functional Principle 301
2. Subsidiary Features of the Guild Idea 305
Willingness to Collaborate with Existing Institutions 306
Propaganda by Experimentation—The Building Guilds 308
The Douglas-Orage Scheme—Credit Control . . 309
"Industrial Maintenance" 312
3. A Proposed Modification of the Guild Idea . . 313
The Chief Obstacles to the Spread of the Guild Principles 314
The Immediate requirements of the Building Guilds 314
The Policy of transition 315

CHAPTER PAGE

The Structure of the Guildsmen's ideal commonwealth 315
The Modification Proposed for Meeting these Obstacles 316
The Way the Proposed Modification Might Meet these Obstacles 318
The Immediate requirements of the Building Guilds 319
The Policy of transition 319
The Structure of the Guildsmen's Ideal Commonwealth 323
Conclusion—*Guild Coöperation* 327
Addendum on Taylor's *Guild Politics* . . . 328

APPENDICES

I. Two Years' Working of the Building Guilds in England (By C. S. Joslyn) 329

1. Extent of operations 329
2. Structure of the Guilds 329
3. Administrators and Technicians 331
4. Distribution of Function 332
5. Continuous Pay 333
6. Building Costs 334
7. Guild Workmanship 334

II. Selected Bibliography 336

1. Books 336
2. Bibliographies 341
3. Periodicals 341
4. Pamphlets 341

III. Index 343

GUILD SOCIALISM

CHAPTER I

INTRODUCTORY—THE GUILD IDEA

SOCIALIST thought has passed into a new phase. For about one hundred years, radical thinkers have objected to the existing industrial system chiefly on the grounds that it permitted the worker to be deprived of the just fruits of his labor. Accordingly, they have sought such revolutionary measures as would transfer to him what they considered to be his proper share of the industrial product, and the demand upon which they generally have agreed has been the collective ownership of the means of production. Such a program has but little to say concerning the way industry was conducted. It was *ownership* that counted.

To-day, the emphasis has been shifted. Socialists still criticize the present economic régime as one in which surplus value is extracted from the worker—although they are not nearly so unanimous regarding its source and form as they were fifty years ago—but they are now largely concerned over the *administration* of industry. They regard industry as working to rob the laborer not merely of his money, but also of his physical strength and his spiritual freedom. That is, they look upon it as a great machine which has caught the workingman and which has stunted and maimed him in body and soul. Consequently they are not satisfied merely to change the basis of ownership, and with that the basis of distributing profits. They want to liberate the worker from the bondage in which

they consider him to be. To this end they urge the worker to take over the control of industry.

This idea has hitherto been inchoate. Often it has taken form in trade-union demands, considered unreasonable by employers because related to questions of administration, rather than of hours and wages. Very often it has resulted in working class support for various forms of factory legislation. More recently, however, it has taken definite shape. So to-day the demand for industrial democracy has been added to that for collective ownership, and—in some degree—has been substituted for it.

It is this new orientation of radical thought that constitutes the distinctive feature of Guild Socialism. The Guild Idea centers around the hope of "the abolition of the wage system and the establishment by the workers of self-government in industry."

The significance of this change is obvious. It makes its primary appeal directly to the workingman, and calls upon him for action in a field where he is used by habit, and prepared by trade-union organization, to fight battles and win victories. Moreover, it lays stress upon industrial rather than political action; so that it holds out the hope of complete victory with little if any recourse to those forms of revolutionary action likely to accompany radical changes attempted through political means. Again the Guildsman is willing to accomplish his purposes piecemeal; so that parts of the Guild program may be and are involved as immediate issues in industrial relations. Finally, in that the Guild Idea carries with it the complete reorganization of industry, it contemplates even a much more profound alteration of economic relationships than did the earlier systems.

The very considerable following which the Guildsmen have secured in England, and—to a lesser degree—in America, among men of recognized standing in intellectual

and professional life, as well as among trade unionists, bears witness to the importance of their proposals.

In the discussion that follows, the Guild Socialist system will be outlined, its history traced, and its theories criticized. It will be found that there is much that is inconsistent, much that rests upon unproved assumptions or faulty reasoning, and much that is the ephemeral reflection of the circumstances under which the movement was born. Nevertheless, it will also be found that the Guildsmen display deep insight into the factors of labor discontent, and into the measures which must be taken to restore industrial morale and efficiency. It will be found, finally, that the Guild Idea embodies a noble ideal, not simply for industrial reconstruction, but also for a society in which men may be endowed with a finer dignity and responsibility than is possible for them now, and that it holds out the hope that such an ideal may become a reality, perhaps not in the precise form the Guildsmen lay down, yet in one faithful to the larger and loftier outlines of their vision.

PART I

HISTORICAL

CHAPTER II

THE BACKGROUND OF THE GUILD IDEA

SOCIAL theories can best be studied in connection with their historical context. Otherwise, excepting for the specialist, they are likely to be unintelligible. Nowhere does this statement apply more clearly than in the case of the Guild Movement. Guild Socialism is a distinctly English development; its theories are undoubtedly relevant to continental Europe and the United States, but they are, nevertheless, peculiarly the product of English social and economic history. Guild Socialism cannot therefore be properly understood unless it is studied in connection with the events from which it derives many of its most characteristic features.

A complete account of the genesis of Guild Socialism would comprehend a full discussion of English economics and politics since the Industrial Revolution. Such an undertaking is, of course, outside the province of this study. Instead, a general familiarity on the reader's part with the course of events in these fields will be assumed,[1] and only those features having direct bearing upon the growth of Guild theories will receive anything approaching detailed discussion.

This chapter will take up the events—extending roughly over the period 1830-1906—which led up to the formula-

[1] The reader will find a useful one-volume discussion of the period in Slater, *The Making of Modern England* (Boston, 1920). Chaps. vi-ix, xii, xvii, and xxi are especially relevant to the subject matter of this chapter. Knowles, *Industrial and Commercial Revolutions in Great Britain* (London, 1921), and Beer, *History of British Socialism*, 2 vols. (London, 1920), are also very valuable for certain topics.

tion of Guild Socialism as an independent school of thought. The next two chapters will consider the circumstances attending the launching of the movement, and its subsequent fortunes.

Guild Socialism bears the marks of five important developments in the history of England during the last one hundred years. They are: (1) the Revolutionary outburst of the "eighteen thirties and forties"; (2) the Formulation of an economics of discontent; (3) the moral revolt against industrialism; (4) the medievalist reaction; and (5) the example of foreign labor movements.

I. The Revolutionary Outburst of the "Eighteen Thirties and Forties"

A recent commentator on the history of British working-class movements has stated that "the English intellect, from its sheer recklessness, is essentially revolutionary, probably more so than the French intellect. . . . In periods of general upheavals . . . when the dynamic forces of society are vehemently asserting themselves, the English are apt to throw their mental ballast overboard and take the lead in revolutionary thought and action."[2]

To the student whose impression of English labor history is gained chiefly from the eminently law-abiding and moderate policies followed by British trade unionists and labor politicians for the fifty years preceding the Great War, such a statement appears fantastically exaggerated. The turbulent record of the English working classes during and since the War have, however, revealed potentialities of revolutionism which were scarcely dreamed of a decade ago. These events have directed attention to an earlier period—entirely comparable to the one just passed in the aggressively radical attitude displayed by the laboring

[2] Beer, *History of British Socialism*, Vol. I, Preface.

classes—and hitherto almost completely overlooked by the casual observer. This is the revolutionary working-class movement which agitated the masses of the English people during the second, third, and fourth decades of the nineteenth century—especially the third decade.

During these years, the British working classes were in a state of intermittent revolt against both the economic and political conditions of their times. The political revolt centered first around the "great" Reform Bill of 1832. That measure was enacted largely under the force of tremendous pressure exerted by the laboring classes. When, however, the Reform Bill was passed, and the workingmen discovered that the "£10" limit deprived them just as effectually of the franchise as before, they experienced a strong revulsion of feeling, and, breaking loose from the middle classes, with whom they had previously made common cause, they set out to force the government to grant universal suffrage and other reforms. Their demands were drawn up into a "People's Charter," and the stormy agitation they carried on to win it became known as the Chartist movement. It gave rise to mammoth demonstrations, provoked extremely violent and inflammatory utterances in pamphlets and periodicals, broke out in occasional riots and armed conflicts, invoked spasms of savage governmental repression, and finally flickered out, towards the middle of the century.[3]

There was an industrial phase of this ferment, which grew up alongside of it, and was often combined with it, particularly towards the close of the "thirties," when a sort of general strike was advocated by the Chartists.[4]

[3] An admirably written and very scholarly history of Chartism is Hovell, *The Chartist Movement* (London, 1918). A valuable collection of documents on the period is contained in Postgate, *Revolution* (London, 1920), Chap. iii.

[4] *Cf.* a note by the writer in the *Quarterly Journal of Economics*, May, 1921, on "William Benbow and the General Strike."

There was, however, a fairly distinct element of the industrial side of the revolutionary propaganda which went along independently of the Chartist agitation, and even was at times hostile to it. This movement received much of its inspiration from Robert Owen, so that it is sometimes called Owenism.

Robert Owen was concerned with various schemes for the spiritual and material regeneration of what were called in his day "the industrious classes." The particular measures he proposed were various. As an individual employer, he successfully carried out what would to-day be called "Welfare work"; he was a power in the fight for factory legislation as well as in educational reform; he established ambitious communistic colonies; he organized coöperative productive societies and "labor exchanges"; and, later in his career, he led in a revolutionary trade unionism, of the type which would to-day be called syndicalist. The last two aspects of Owen's activities are of special importance to the history of the labor movement.

The modern coöperative movement may fairly be said to have its beginning with the Owenite coöperative societies. Founded usually with the hope of developing into full-fledged communities, these associations carried on various forms of trade and manufacture, such as tailoring and shoe-making, on a mutual, self-governing basis. They reached a very considerable development, numbering about five hundred in 1832.[5] In order to enable them to dispose of their goods, as well as to provide a market for individual craftsmen, the Owenites undertook to operate "labor exchanges," where transactions were conducted in terms, not of money, but "labor-notes," based on labor time.[6] These exchanges came to a sudden and ignominious

[5] Podmore, Robert Owen (London, 1906), Vol. II, p. 396.
[6] *Ibid.*, Chap. xvi.

end. The coöperative productive societies met with varied fortunes. A few carried on well into the century.[7] A rather large number passed over into joint-stock companies or into the control of consumers' coöperative societies. The vast majority were short-lived.[8] As will be seen subsequently, however, it is not the material failure or success of the producers' coöperative societies that has been of importance to the birth of the Guild Idea so much as the fact that they were established with great enthusiasm over all parts of England, and that, in at least a few cases, they have proved successful.

The coöperative movement was essentially peaceful; in fact, the coöperative societies were looked upon by their founders as a means whereby society might be transformed without recourse to violence.[9] The radical trade union movement, however, to which Owen gave his attention for a time, was belligerent in the extreme. Although distinct from the political revolutionary movement represented by Chartism, it probably was fired by much the same spirit, since it took shape during the same years of bitterness immediately following the passage of the Reform Bill of 1832, which saw the rise of Chartism. Thoroughly disgusted with political efforts at emancipation, the English trade unionists began to devise plans for transforming at least the economic structure of society by "direct" means. During the years 1832-1834, "National Unions" of various sorts, organized on industrial lines, spread with amazing rapidity.[10] Bitter and long protracted strikes and lock-

[7] Jones, *Coöperative Production* (London, 1894), Chap. xiii.

[8] Webb, *Industrial Coöperation* (Manchester, 1910), pp. 27, 28, 59, 129. About 90 per cent of the goods coöperatively produced in England to-day are controlled by consumers' coöperative societies.

[9] Beer, *op. cit.*, Vol. I, pp. 183, 184.

[10] "Nothing in the annals of Unionism in this country at all approaches the rapidity of the growth that ensued." Webb, *History of Trade Unionism* (London, 1911), p. 120.

outs followed. Some of the unions proposed to take over the operation of their respective industries; the building trades workers were especially aggressive, in this respect, and went so far as to organize a "Grand National Guild of Builders," to hold a "Builders' Parliament," and to issue a manifesto to the employers "couched in dictatorial and even insulting terms."[11] Some of the trade union leaders favored a program of revolution to be accomplished by a general strike—along the lines projected by William Benbow; in this respect they definitely foreshadowed modern Syndicalism.[12] That part of their program which looked to the operation of industry by the associations of the workers showed Owenite influences, and Owen himself undertook to organize the various associations into a "Grand National Consolidated Trades Union," which proposed a nation-wide general strike. Internal dissension and terror-stricken repression[13] brought the movement to a collapse as spectacular as its rise. Organized labor, "crossed . . . in its love of revolution," for the next three-quarters of a century resolutely eschewed hopes of using its power to effect an economic transformation. Nevertheless, the British workingman had tasted the fruits of revolutionary trade-unionism and has never completely forgotten the experience.

The heritage from these troubled years to the subsequent history of British radical thought has been a notable one. At least three definite factors of importance in the rise of Guild Socialism are traceable to this period. They are: (1) the tradition of working-class revolutionism; (2) the

[11] *Ibid.*, pp. 116, 117. Chap. iii of this work is an excellent account of the movement. Note the use of the term "Guild."

[12] Beer, *History of British Socialism*, Vol. I, p. 333. *Cf.* also the writer's note on William Benbow referred to above.

[13] Six Dorchester farm laborers were transported for life for organizing a local "lodge" of the Union. Webb, *op. cit.*, pp. 121-134.

experiment in coöperative production and the substitution of "labor notes," for money; (3) the effort to transform the social order through militant industrial unionism.

1. *The tradition of working-class revolutionism* is, probably, the most important result of this period. Both in the Chartist agitation, and the brief, but widespread radical trade-union movement, the English workingmen essayed to accomplish fundamental changes in political and industrial relations by their own power, irrespective of the legal means of reform, and, indeed, in defiance of them. If they were not immediately successful, they must at least have realized that—ignorant, wretched, and poorly led as they were—they possessed enough power to throw their employers and rulers into a perfect panic of apprehension. Again, as they subsequently saw one after another of their ideals become realized,[14] they must have asked themselves whether it was not their threat of force which gave effective impetus to the movement for reform on their behalf. Finally, there would be not a few who would assign the failure of their efforts, not to the methods themselves, but to special exigencies of the situation—such as their inexperience, poor leadership, and the like; so that their faith in militant working-class action would still remain.

At all events, the tradition was established, and in greater or less degree has persisted. The American reader should bear in mind, moreover, that an English tradition of this sort would carry much longer and much more generally than in the United States, for there has been no extensive migration of labor, and no foreign immigration to break its continuity. In 1905 and 1906, at the time when Guild Socialism began to take form, there was probably scarcely a workingman in England who had not heard personal narratives of those exciting days from his father

[14] Practically all of the Chartist demands have been enacted into law.

or grandfather, in the very neighborhoods of the places where the events described took place.[15]

The continuity of radical literature from that day to this is also of importance. Any one who reads the *Poor Man's Guardian,* or Benbow's *Grand National Holiday* and then picks up the last issue of *The Labour Leader* or *The Workers' Dreadnaught* must be struck by their similarity in phraseology and thought.

That there has been a steady stream of revolutionary thought from that day onward, flowing under the surface, yet ready to break out whenever an opportunity offered, is abundantly shown by the events of the past ten years. This spirit of revolt among the industrial population is the foundation of the whole Guild Socialist structure. The Guildsmen look upon it as a normal and lasting feature of working-class ideology, and they offer their scheme as a program for revolutionary labor to adopt. Guild Socialism is intelligible only on the assumption that there is a widespread and militant "industrial unrest," for the Guildsman seeks both to interpret and direct it.

2. *The experiment in coöperative production and the substitution of "labour notes" for money* is one of the revolutionary devices which has been before the eyes of the laboring classes since this period. As has been shown, productive coöperative societies and "labor exchanges" were tried on a large scale, and were looked upon not merely as devices for saving money, but as nuclei for an economic reorganization. There is abundant evidence that the British workingman has come back again and again to this idea of coöperative production.[16] Furthermore, as will

[15] There were probably about as large a proportion of veteran Chartists and Owenite unionists alive in 1905 as there are Civil War veterans in the United States to-day.

[16] One authority finds four periods of marked enthusiasm for the idea—1843, 1850-1855, 1870, and 1883. Webb, *Industrial Coöperation,* pp. 101-152, 320, 321, *passim.* *Cf.* also Kropotkin, *Memoirs of a Revolutionist* (Boston, 1889), p. 201.

be clear from the exposition of Guild Socialism which follows, the whole Owenite concept, including the device of the "labor note" has clearly exercised a profound impression upon the Guild Socialist.

3. *The effort to transform the social order through militant industrial unionism* constitutes the third contribution from the days of the Owenites and the Chartists to the present generation. Such a program is known to-day as syndicalism, and it is sometimes supposed to have been imported into England from France.

French syndicalism undoubtedly did have an important influence on English labor during the years 1911-1912. It should never, however, be forgotten that the essential ideas of syndicalism animated the British working classes nearly a century ago, and have continued to affect their thought.

Nowhere has the influence of this revolutionary unionism been more marked than in the development of the Guild Idea. An essential feature of the Guild program is the transformation of existing craft unions into industrial unions, and the gradual transformation of them, through their own aggressive action, into guilds for the operation of industry. The Guildsmen, indeed, gladly acknowledge their debt to the founders of "The Grand National Consolidated Trades Union."[17]

The "eighteen thirties" handed down to the Guildsman the spirit of revolt in which his theories find their setting. In the coöperative workshops they gave him rough models that he has worked over into producers' guilds; and in revolutionary trade unionism they have blazed the trail which the Guildsman expects to follow for the achievement of his aims.

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[17] Reckitt and Bechhofer, *The Meaning of National Guilds* (London, 1918), p. 109. Cole, *Self-Government in Industry* (London, 1918), p. 101, and article in *The Guild Socialist*, February, 1922.

II. The Formulation of an Economics of Discontent

Economic theories seem to follow in the wake of social and economic changes, seeking to explain and rationalize them, as scientific theories seek to account for the physical phenomena that the scientist finds in existence. It is to be expected, therefore, that the social ferment described in the preceding section would throw up a body of economic thought in consonance with the spirit of revolt characterizing it.

Such has been the case. Two strains of economic thought may be traced to the revolutionary movement of the early nineteenth century. One of them is avowedly socialistic; the other is much less radical. They are (1) the "scientific" socialism of Karl Marx, and (2) the humanitarian criticism of classical political economy.

1. *The "scientific" socialism of Karl Marx* furnishes whatever basis in economic reasoning modern socialism can claim. In fact, Marx's great work, *Das Kapital,* has been nicknamed "the Bible of Socialism."

Now Marx drank freely from the springs of Chartism and Owenism. Marxism is, of course, much more than a systematization of early English labor radicalism. Nevertheless, there is much in the doctrines of Marx that was common property among the laboring classes at the time his thought was taking shape. It would be strange if such were not the case, since Marx was a late contemporary of the Chartist and Owenite agitation; spent over half of his life in England; and—both by intense study and personal activities—came into close contact with the English labor movement.[18]

Two features of Marxism, in particular, which are of

[18] A good account of the English influences in Marx's thought is in Beer, *British Socialism,* Vol. II, pp. 163-166, 202-222; also *Karl Marx, Sein Leben und Sein Lehren* (Berlin, 1919), pp. 56-65.

moment to this discussion, appear to have had their roots in British working-class thought. These are the theory of labor value, and the doctrine of surplus value. Together, they form the cornerstone of Marx's theoretical structure. The labor theory of value holds that the value in exchange of all goods depends upon the duration of human labor embodied in it, due allowance being made for different degrees of skill and intensity. The doctrine of surplus-value is a logical deduction from this theory. It holds that rent, interest, and profits, as well as capital itself, are all taken out of the value created by labor, by means of the wage-system, whereby the laborer is consistently paid a wage amounting to less than the value he creates. The revolutionary implications of such teachings are obvious.[19]

It is becoming increasingly clear that these theories were widespread among English laboring men during the first three decades of the last century. A so-called "labor theory" of value appeared in the pages of the classical economists; it was modified by such writers as Ricardo to allow for the factor of time in production and for the contribution of natural agents, but to the uncritical reader of that time these writers seem to uphold the "labor value" doctrine. The theory that labor was the source of value appeared, moreover, without modification in the writings of a whole school of now almost forgotten anti-capitalist writers, and on the platform and in the pamphlets and periodicals of the Chartists and Owenites. It runs all through Owen's teachings, and forms the basis for the

[19] The classic expression of these doctrines is contained in Marx, *Kapital* (American Translation, Chicago, 1906), especially Parts I and III. A good brief outline of his theories is contained in Kirkup, *A History of Socialism* (London, 1892). A hostile, but eminently fair criticism is Boehm-Bawerk, *Karl Marx and the Close of His Systems* (London, 1898). A short and well-written combined biography and friendly criticism is Loria, *Karl Marx* (London, 1919).

"labor notes" he attempted to institute.[20] Likewise, the theory of surplus-value made its appearance among the anti-capitalists, and was handed down till it appeared throughout the revolutionary utterances of the pre-Marxist period.[21]

It is plain that the notions of labor-value and surplus-value were current in English labor circles before Marx published his work. This conclusion is of great importance to the history of socialist ideas in England, for, if these ideas were current independently of Marx, before his works were published, they have in all probability remained so afterwards; that is, these theories have, almost certainly, come down with the rest of the revolutionary heritage of that period, wholly irrespective of formal Marxist propaganda. When it is borne in mind that the teachings of Marx have never acquired a wide following in England, the significance of this conclusion becomes manifest. The bulk of radically minded British workingmen have probably subscribed to the fundamentals of Marxian economics, without either calling themselves Marxists, or becoming so involved in the rigid system of the Marxian dogma as to close their minds to a school of thought markedly differing from Marxism in many respects.

The progress of pure Marxism should not be overlooked. There has been an aggressive, ably led Marxist wing in British labor since 1881, when Mr. H. M. Hyndman and Belfort Bax joined William Morris and others in the organ-

[20] Podmore, *Robert Owen*, p. 439 and footnote.

[21] Benbow, *Grand National Holiday* (London, 1832), *passim*. Jones, *Song of the Lower Classes;* Smith, *On Associated Labour*, in Postgate, *Revolution*, pp. 93, 135. *Cf.* also Foxwell's *Introduction* to Menger, *Right to the Whole Produce of Labour* (London, 1899); Beer, *British Socialism*, Vol. I, Chaps. ii, iv-viii, pp. 304-312; Vol. II, pp. 44-48; and Hyndman, *Evolution of Revolution* (London, 1920), pp. 295, 304, 305.

ization of the Democratic Federation.[22] While their efforts may not have succeeded in converting many workingmen to straight Marxism, they have undoubtedly served to reinforce the current of ideas concerning value and surplus-value handed down from the earlier period.

This widespread existence of what might be called "informal Marxism" has prepared the ground for Guild Socialism. The Guildsmen have not so much tried to prove the Marxian doctrines of labor-value and surplus-value as they have assumed them.[23] They have—probably with entire accuracy—taken it for granted that the audiences to whom they have addressed themselves held these theories. It is to be expected, therefore, that the economic basis of much of Guild Socialism is essentially Marxian, although the Guildsmen differ markedly from the orthodox Marxists in some matters of program and tactics.

2. *The humanitarian criticism of classical political economy* has not been of the same consequence to the growth of the Guild idea as Marxian economics, yet it has had a part. It is concerned particularly with the impersonal treatment of labor at the hands of the earlier economists. With such writers, labor was little more than one of the "agents of production"[24] and the consequent tendency to treat labor as a "commodity," not as an aggregation of human beings.[25] Against this, working-class leaders them-

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[22] Later changed to the Social Democratic Federation.

[23] One prominent Guildsman, Mr. S. G. Hobson, has avowed himself a follower of the economics of Marx, in an interview with the writer.

[24] Thus Mill, *Principles of Political Economy*, Book I, Chap. ii. Mill was, however, very sympathetic to labor, as is shown by Book IV of the same work. Nevertheless, so far as his strictly theoretical writing is concerned, he kept to the impersonal treatment of labor, and was followed in this by a group of lesser writers.

[25] *Ibid.*, Book III, Chap. ii, Sec. 5.

selves protested passionately.[26] Their complaint was echoed later by John Ruskin, as a part of his indictment against the entire system of political economy. It was subsequently taken up by the more progressive of the economists themselves, beginning with those who claimed—contrary to the then prevailing wage-fund doctrine, held by the classicists—that trade unions were of permanent value in improving the status of labor. The difference between labor and ordinary commodities was emphasized again by the economic historian, John Kells Ingram, in 1880, and with him, also, the occasion for his statement was the usefulness of trade unions.[27]

A decade afterwards the idea had gained sufficient general acceptance to become embodied in a standard textbook of economics.[28]

All these economists, as well as Ruskin, have emphasized the same point, namely, that the seller of any other commodity is not concerned in the place where it is delivered, or the conditions under which it is used, whereas the laborer is tremendously concerned in both—the place where he works, his hours of labor, conditions of health and safety, and the like making all the difference in the world to him and his family.

The Guildsmen have followed this same course. Indeed

[26] Thus, the Chartist Hetherington, in his will declared: ". . . labour . . . is a marketable commodity, bought up and directed by wealthy idlers. . . ." Quoted in Beer, *British Socialism*, Vol. II, p. 7. Marx frequently used the term "the commodity labour-power," probably ironically. *Cf.* Marx, *Kapital*, Part II, Chap. vi.

[27] *Cf.* Harrison, "The Good and Evil of Trade Unionism," in *Fortnightly Review*, Vol. III, No. 13; Longe, *A Refutation of the Wage-Fund Theory* (London, 1866); and Ingram's speech, delivered before the Dublin Trades Union Congress, quoted in introduction to Scott's edition of Ingram, *History of Political Economy* (London, 1916). He may have been influenced also by the German economist, Brentano. *Cf.* Brentano, *Relation of Labour to the Law of To-day* (New York, 1895, and English translation).

[28] Marshall, *Principles of Political Economy* (London, 1890), Book III, Chap. v, Sec. 5, pp. 594-598.

they quote one of the economists already referred to.[29] They make use of this point, however, not merely for a criticism of a portion of economic theory, but as the foundation for an attack on the whole moral basis of the wage system, in the manner indicated in the introductory chapter.[30]

The economics of revolt have thus provided the Guild Socialists with material for a two-fold assault on the wage system. From the Marxian theories of labor-value and surplus-value, they have assumed that the wage-earner is automatically mulcted by the recipients of rent, interest, and profits. The criticism of the extreme abstraction of the earlier economists, in lumping labor with ordinary commodities, they have elevated into a moral attack on the present economic system.

III. "The Idealist and Interventionist Reaction" against Industrialism.[31]

It is often necessary, in studying a social movement, to take into account circumstances which, at first sight, seem only remotely related to it. Social theories spring from sources as various as those from which any set of ideas spring. It is but natural, therefore, that the ideas of modern Englishmen on labor questions have been molded, not only by economists and labor leaders, but by clergymen, politicians, essayists, and even poets and novelists. No accurate account of the pedigree of modern English social thought—Guild Socialism included—can omit the doctrines

[29] Reckitt and Bechhofer, *National Guilds*, pp. 32-33; Hobson, *Guild Principles in War and Peace* (London, 1917), p. 19.

[30] *Cf.* especially Cole, *Labour in the Commonwealth* (New York, 1919), Chap. I, "The Humanity of Labour."

[31] The writer acknowledges his debt for the heading of this section, and for much more, to a brilliant French student of English literary history. Cazamian, *Le Roman Social en Angleterre* (Paris, 1903).

which the average Englishman heard in church; listened to in parliamentary debates and political speeches, and read in newspapers, magazines, and novels.

In all of these the Englishman found a consistent note of protest against the spirit and working of English industrial life. There were, of course, voices raised in defense of the system. Yet, some of the greatest names in English nineteenth-century religious, political, and literary history have cried out against the social and industrial conditions of their time, and demanded remedies for them.

The revolt against the factory system and all for which it stood, took three forms: (1) religious; (2) political; and (3) literary.

1. *The religious revolt against industrialism* found expression during the period under discussion, mainly in *Christian Socialism*. It later became involved in the Anglo-Catholic Revival, but not until shortly before the birth of the Guild Idea.

Christian Socialism arose on the ruins of Chartism. The morning after the final fiasco of Chartism, on April 10, 1848, a placard was posted all over London, addressed to "Workmen of England," and signed "A Working Parson."[22] It warned them against blind faith in "the Charter," much in the spirit of Carlyle, and urged them to accept the aid of "men who know what your rights are better than you know yourselves," yet mincing no words in denouncing their injustices, or "the Mammonites" responsible for them.

There had been scattered examples of Christian ministers who advocated the cause of the working classes before this date. William Benbow and J. R. Stephens, among the

[22] Woodworth, *Christian Socialism in England* (London, 1903), pp. 7-10. An excellent history of the movement is Raven, *Christian Socialism* (London, 1920). The writer regrets that he had not seen this work when this chapter was in preparation.

most fiery of revolutionary agitators, were both Nonconformist preachers,[33] while the Owenite "Metropolitan Trades Unions" had boasted a "chaplain" in Rev. Arthur L. Wade, a Church of England clergyman, who had the temerity to ride at the head of a great trades-union demonstration "in full canonicals and the scarlet hood of a Doctor of Divinity."[34] Yet, organized religion in general had held so aloof from the working-class movement or was so definitely hostile to it as to force it to establish its own churches.[35]

In 1848, however, a small but notable group of Church of England clergymen and laymen took a stand, at that time courageous in the extreme, of outspoken championship of the cause of the laboring classes. The group which was responsible for the placard just mentioned centered around Professor F. D. Maurice, of Cambridge, and included Thomas Hughes, author of *Tom Brown's School Days*, and Vanisttart Neale, the coöperator.

They started with the proposition that the Christian Gospel contained the key to the social question, particularly in its teaching of the brotherhood of man and the ideal of a kingdom of God "on earth as it is in heaven."[36] They drew from this the practical conclusions, first, that the workingmen should be won back to the church, and, second, that the system of competition was wrong. The first led them to activities important in themselves, but of no direct bearing on the point being considered here.[37] The second

[33] Beer, *British Socialism*, Vol. I, p. 14 and footnote by the writer on William Benbow and the general strike referred to above.

[34] Webb, *History of Trade Unionism*, p. 132 and footnote.

[35] *Cf.* Faulkner, *Chartism and the Churches* (New York, 1916), *passim*. Hammond, *The Town Labourer* (London, 1919), Chaps. xi and xiii.

[36] *Cf.* Maurice's sermon on the Lord's Prayer, quoted in Woodworth, *Christian Socialism*, pp. 5-6. Maurice was a disciple of Coleridge in this respect. *Cf.* Cazamian, *Le Roman Social*, p. 440.

[37] As in the great engineering trades lockout in 1852. Webb, *History of Trade Unionism*, p. 197.

deduction, concerning the incompatibility of competition with the Christian ideal, caused them to attack the whole competitive principle, as well as the specific evils which could be attributed to its workings. It is this phase of their work that places the Christian Socialists among the most influential of the groups attacking the industrial system. One passage may well be quoted as typical of a long series of blazing Philippics against the competitive régime which have appeared from that day to this.

> Sweet competition! Heavenly maid! Nowadays hymned alike by penny-a-liners and philosophers as the ground of all society—the only real preserver of the earth! Why not of Heaven too? Perhaps there is competition among the angels, and Gabriel and Raphael have won their rank by doing the maximum of worship on the minimum of grace? We shall know some day. In the meanwhile "these are thy works, thou parent of all good!" Man eating man, eaten by man, in every variety of degree and method! Why does not some enthusiastic political economist write an epic on "The Conservation of Cannibalism"? [38]

Kingsley's novels, *Yeast* and *Alton Locke*, were also part of the group's condemnation of the conditions they saw in England.

The Christian Socialists did not content themselves with denunciations of the competitive spirit in industry. They sought to substitute for it the principle of "association," in which they saw the practical application of the ideal of brotherhood. To this end they endeavored to revive the idea of producers' coöperative societies, that had been neglected since the days of Owen. In 1854, after several years of expensive failure, they gave up their efforts actually to establish "Working Men's Associations." [39] They did however, bring back to the coöperative movement much of

[38] Kingsley, *Cheap Clothes and Nasty*, quoted in Woodworth, *Christian Socialism*, p. 23.
[39] Jones, *Coöperative Production*, Chap. x.

its early idealism, which it had all but lost, and they also kept the notion of coöperative production before the eyes of the British working classes.[40] From that time Christian Socialism ceased to be an organized movement, but the influence of its original leaders and of their disciples has been profound on the thought both of the clergy and laity in the English Church.[41]

While the Englishman was hearing the evils of the economic system discussed by his clergyman, he also found it receiving consideration by his Parliamentary representatives.

2. *The political revolt against industrialism* took shape in the agitation for *factory legislation*. This discussion is not concerned with the actual progress of factory legislation, but rather with the activities attending the various legislative steps toward government interference with industry. The long succession of Parliamentary debates, inquiries, and reports, together with the agitation continually going on outside of Parliament, during the long fight for factory legislation, has, without doubt, acted powerfully to keep constantly before the English public the abuses of which the modern industrial machine is capable.

It should be borne in mind that, at least during the earlier years of the controversy, the proponents of regulation were constantly forced into the position of attacking the industrial régime, as such, as well as its specific abuses, for the opposition rested its case time and again on the claim that "trade would be ruined" by legislation, and upon the assumption—backed by the political economists—that the system would correct its own faults without interference.[42]

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[40] *Ibid.*, pp. 737-742. Woodworth, *Christian Socialism*, Chap. ii, Sec. 2.

[41] Woodworth, *Christian Socialism*, pp. 41-42.

[42] Hutchins and Harrison, *A History of Factory Legislation* (London, 1903), pp. 27-28.

That is, their efforts to enlist public sympathy against the factory acts had the unlooked-for result of leading at least certain portions of their opponents and of the public to look upon the evils of industrialism as inextricably bound up with the system itself, and to feel toward that system the same moral revulsion that they did against the various instances of injustice and suffering they found to be connected with it.

Again, it must not be forgotten that, during the earlier years of the movement, the Parliamentary investigations and the speeches and writings of champions of reforms revealed examples of poverty, overwork, unsanitary conditions, immorality, and downright brutal cruelty toward men, women, and tiny children [43] as literally "pass man's understanding." One historian exclaims that "the details are too revolting for these pages."[44]

When it is remembered finally that there was practically continuous agitation for factory legislation during the nineteenth century, resulting in forty separate acts, and in the publication of as many Parliamentary reports—many of them filled with evidence of the most sensational sort,[45] and when it is remembered that bitter controversies, specifically intended to gain public favor for or against legislation, raged throughout England over the more important

[43] Employment at the age of five and six was common and there were cases of employment at three and four years. The Act of 1819, passed after tremendous opposition, fixed the age limit for children in factories at *nine* years. In 1819, about one-half of those employed were under 16, and in 1835, 13 per cent were under 13. Hutchins and Harrison, *Factory Legislation*, pp. 24-25, 306.

[44] Cooke-Taylor, *The Modern Factory System* (London, 1891), p. 194. Chaps. iv-vii of this book contain an admirable account of conditions at this period—especially Chaps. v and vii. Cooke-Taylor's remark is prompted by *The Memoir of Robert Blincoe* (London, 1828), a hideous and apparently scrupulously accurate account of the experiences of a seven-year-old boy in the textile mills. *Cf.* also Hammond, *The Town Labourer*, Chaps. viii and ix.

[45] Hutchins and Harrison, *Factory Legislation* (London, 1903), Appendix C.

acts, it becomes clear that the influence of this movement must have been tremendous.

It may be pointed out in this connection that the official reports, or "blue-books," arising out of the agitation for factory laws, have furnished Socialist writers with much material for their propaganda. This applies particularly to Marx and Engels, whose writings are filled with references to them.[46]

While British Parliamentary debates and reports received much attention, it still remains true that many Englishmen probably were touched only remotely, if at all, by the campaign for factory legislation, and the revelations it produced. There was, however, a medium by which the same information and attitude of mind was put before nearly every English man or woman who read at all. This was the English literature of the nineteenth century, particularly that literature written during the third, fourth, and fifth decades of the century.

3. *The literary revolt against industrialism* made itself felt in three of the principal literary forms: the prose essay, poetry, and fiction.

The prose essay was among the most important, for three of the most notable among nineteenth-century English essayists devoted some of their best work to the ills attending Great Britain's industrial and commercial development. They were Carlyle, Ruskin, and Matthew Arnold.

To Thomas Carlyle may be traced many of the ideas concerning the subject with which this book is concerned. His influence in the Medievalist reaction, out of which the Guild Idea has drawn many of its characteristic features, will be taken up in the next section. His part in the

[46] *Cf.* especially, Marx, *Kapital*, Vol. I, Part III, Chap. x; and Engels, *Condition of the Working Classes in England* (Leipzig, 1846. English Translation, London, 1892), *passim*.

"idealist and interventionist reaction" against industrialism will be considered here.

Born at the close of the eighteenth century, Carlyle, by his life and observations, gained an intimate knowledge of the sufferings of the English and Scotch factory operatives in the early nineteenth century.[47] He became acquainted, too, with their turbulent struggles for freedom, and acquired not a little of their spirit;[48] also, in common with other serious-minded men of his day, he gave ear to the proposals put forward both by Whig "radicals," and by Tories.

His reaction was noteworthy. He repudiated what he considered the godless and hypocritical spirit of his age. As will be shown later, he turned back, instead, to the ideals of another period. But he also kept his eyes clearly on the present, and launched against the theory and practice of "free competition" a ringing denunciation. His social ideas were expressed especially in such works as *Signs of the Times,* published in 1829; *Chartism,* published in 1839, and *Past and Present,* written in 1843.

While roundly denouncing the excesses of the Chartists, Carlyle maintained that their agitation could not be permanently "put down" until the injustices and sufferings, which had driven "fierce and mad" the "great, dumb, deep-buried class" of common people, had been removed.

He saw a root cause of their sufferings in bad government. In industry, this condition arose from the "cash-nexus," that is, the loosing of all ties between master and workmen save merely the wage-relation, and the consequent refusal by the master to have any concern whatever for the welfare of his employees, in his own mines and mills, or in their homes. In politics, Carlyle found the same desertion

[47] Craig, *The Making of Carlyle* (New York, 1909), pp. 116, 284-286.

[48] *Ibid.*, pp. 284, 285.

of the masses by those responsible for them, only here the principle at fault was the doctrine of *laissez-faire*. He inveighed passionately also, against the economic theories justifying such a policy, especially that school of Malthusians which, in his day, had become so obsessed by the idea of "overpopulation," that one of their number solemnly proposed the painless death of all children of a poor family numbering more than three.[49]

Carlyle found another cause of the workingmen's woes in the general absence of a proper purpose of life. Instead of the "gospel of work" in which he believed,[50] he saw men dominated by a false utilitarian philosophy, and—particularly in the case of the rich—by "Mammonism."[51]

All of this Carlyle wrote with a vehement fervor and a vivid directness which rather dazed and shocked most of his readers, so that his direct influence was probably little. But to the younger generation of writers and reformers, he appeared as a prophet, and his authority grew, rather than lessened, as the years passed. In his own lifetime the Christian Socialists, the novelists, and even the Chartist poets acknowledged their debt to him.[52] In a later generation he exercised an influence over such men as Ruskin, Morris, and still later, the founders of the Guild Movement, the importance of which can only be conjectured.

Ruskin may be said directly to have carried on the work of Carlyle.[53] Like Carlyle, Ruskin compared Medieval

[49] Postgate, *Revolution*, p. 122, footnote.

[50] *Vide Sartor Resartus* (Everyman's Edition), pp. 148-149.

[51] Carlyle, *Chartism* (London, 1839), and *Past and Present*, *passim*. *Cf.* especially the account of "Plugson of Undershot" in *Past and Present*, Book III.

[52] Woodworth, *Christian Socialism*, p. 10; Kauffmann, *Charles Kingsley* (London, 1892), pp. 181ff; Beer, *British Socialism*, Vol. II, p. 105. Dickens' *Hard Times* was dedicated to Carlyle, and shows his influence in matters of phraseology. For an account of the influence of Carlyle on Disraeli, *cf.* Sichel, *Disraeli* (London, 1904), pp. 85-92.

[53] *Cf.* his apostrophe to Carlyle, *Munera Pulveris*, Sec. 158.

England with that of his own times—to the disadvantage of the latter. Ruskin criticized current economic conditions from a viewpoint, however, distinct from Carlyle's, though he reached similar conclusions. He attacked the system on its theoretical basis: first, the political economy which sought to justify and explain it, and, second, the whole principle of large-scale production.

He objected to the ruling school of economics because it seemed to him to depend on false values, particularly the substitution of material wealth for social wealth, or welfare, the emphasis on self-interest, and the ignoring of the human side of labor—a feature of his doctrine which unites him with the economists of revolt already discussed. Ruskin attempted to build up, in opposition to the "Manchester" political economy, a system of his own, in which *human values* were given first place.[54]

The neglect of human values was also the principal ground on which Ruskin objected to large-scale production. As an artist, he held great art to be the spontaneous result of a creative impulse at work, not only in the "fine arts," but throughout all forms of effort. Conversely, he believed that an industrial régime, in which the workman became a mere cog in the machine, was destructive of true art, and of a really worth-while life. The most famous passage in which this doctrine is stated deserves quoting in full, for it not only illustrates the manner in which the sentimental reaction against the specific abuses of the industrial system became directed against the system itself, but it also gives the key for much in the philosophy of the Guildsmen.

> And observe, you are put to stern choice in this matter. You must either make a tool of the creature or a man of him. If you will have that precision out of them, and make their fingers

[54] Ruskin, *Munera Pulveris* (London, 1871), especially Secs. 11-14, 59; and *Unto This Last* (London, 1862), *passim*.

measure degrees like cog-wheels, and their arms strike curves like compasses, you must unhumanize them. All the energies of their spirits must be given to make cogs and compasses of themselves. . . .

And now, reader, look round this English room of yours, about which you have been proud so often, because the work of it was so good and strong, and the ornaments of it so finished. . . . Alas! if read rightly, these perfectnesses are signs of a slavery in our England a thousand times more bitter and more degrading than that of the scourged African or helot Greek. Men may be beaten, chained, tormented, yoked like cattle, slaughtered like summer flies, and yet remain in one sense, and the best sense, free. But to smother their souls within them, to blight and hew into rotting pollards the suckling branches of their human intelligence, to make the flesh and skin which, after the worm's work on it, is to see God, into leathern thongs to yoke machinery with,—this is to be slave-masters indeed and there might be more freedom in England, though her feudal lords' lightest words were worth men's lives, and though the blood of the vexed husbandman dropped in the furrows of her fields, than there is while the animation of her multitudes is sent like fuel to feed the factory smoke, and the strength of them is given daily to be wasted into the fineness of a web, or racked into the exactness of a line.[55]

Matthew Arnold had much in common with Carlyle and Ruskin. He expressed an aversion, not so much to the workings of the English factory system, as to the motives of those directing it. He found, in the materialism of the age, and in its exaltation of machinery—whether in industry or in politics—a spirit of "Philistinism," and contrasted it with the spirit of "Hellenism," for which he pleaded.[56]

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[55] Ruskin, *The Stones of Venice* (London, 1853), Vol. II, Chap. ii; "The Nature of Gothic," Collected Works, Vol. X, pp. 193-194. For influence on Morris, *cf.* Mackail, *Life of William Morris* (London, 1899), Vol. II, p. 275.

[56] Arnold, *Culture and Anarchy* (London, 1869), *passim.*

English *poetry* likewise felt the humanitarian impulse that set in during the Victorian period. Two poets are especially noteworthy: Thomas Hood and Elizabeth Barrett Browning. Hood's "The Song of the Shirt," published in the Christmas number of *Punch*, 1843, was a fervid protest against the sweating system. It "went through the land like wildfire," was printed on pocket handkerchiefs, was translated into French and German, was sung on the streets; in short, made a tremendous impression on the public mind.[57] Mrs. Browning's *Bitter Cry of the Children*, written in the same year, was aimed at the evils of child labor, and was occasioned directly by an official report on the employment of children in mines and factories, an example of the connection between the factory law agitation and the development of public opinion, already discussed.[58]

A generation later[59] Tennyson put into a poem summing up his political philosophy, passages echoing the words of these writers, giving evidence of their lasting impression.

It is in *fiction*, however, that the literary protest against modern industry had its widest influence, for fiction always has gained more general circulation than either poetry or serious prose. A complete account of the nineteenth-century English social novel would go beyond the limits of this work, for, from the time of Kingsley, Disraeli, and Dickens to Galsworthy and Shaw, there has been a steady succession of novelists and dramatists whose subject matter has been one aspect or another of the industrial and social question. It will be sufficient for the purposes of this discussion to consider briefly those authors who introduced this literary form, and who probably contributed much

[57] Jerrold, *Thomas Hood* (London, 1907), pp. 365-368.
[58] Snyder and Martin, *A Book of English Literature* (New York, 1916), p. 874.
[59] Tennyson, *Locksley Hall Sixty Years After* (London, 1886), lines 217-224.

more than their successors to the complex of ideas out of which Guild Socialism arose.

These writers are Disraeli, Kingsley, Mrs. Gaskell, and Dickens.[60]

Mrs. Gaskell dealt directly with the evils of the factory system, which she knew from her own observation as wife of a Church of England clergyman in Manchester. Her novel, *Mary Barton,* published in 1848, gives a vivid and gripping description of the life and struggles of the Manchester textile operatives at that time. The plot is built around a great strike, in which the son of a manufacturer is assassinated in revenge for his unfeeling arrogance by one of the strikers, the father of the heroine. The book created a sensation. *North and South,* published in 1855, is also laid in Manchester ("Milton" in the novel), and also deals with a strike, but in this case strikes a hopeful note in the conversion of the employer from a "hard man" to a "benevolent" one, so that he makes over his works into a "model factory."[61]

Disraeli's social novels were written for the exposition of his political ideas. His thesis was the espousal of the cause of the common people by the landed aristocracy, against the merchant and manufacturing classes, that is, "Tory Democracy." Incidentally to this purpose, he sought to show the evils for which these classes were responsible. In *Coningsby,* published in 1844, he satirized the political ideas of the Whigs, and made only occasional references to the sufferings of the poor. A year later in *Sybil* he set out to discuss "the state of the People." The plot revolves around the love of a young "Tory Democrat" for the daughter of a Chartist leader, and the author takes

[60] The writer once more acknowledges his indebtedness to the work of Professor Cazamian, *Le Roman Social. Cf.* also *Cambridge History of English Literature,* Vol. XIII, Chaps. x, xi.

[61] Cazamian, *Le Roman Social,* Chap. vii.

the opportunity to recount the Chartist struggle and to describe the conditions of both the urban and rural proletariat with a particularity showing careful study of the the opportunity to recount the Chartist struggle, and to Parliamentary reports.[62] Some idea of the wide currency gained by Disraeli's books may be inferred from the fact that much of his political success was due to them.[63]

As Disraeli essayed to propagandize his creed of "Tory Democracy" through his novels, Kingsley sought to give a romantic setting to Christian Socialism. *Yeast,* published as a magazine "serial" the same year as Mrs. Gaskell's *Mary Barton,* dealt with the agricultural aspect of the Chartist revolt, as the other work did with its manifestation among the Northern manufacturing population. The story is devoted to the friendship of a self-educated peasant and a young aristocrat, and to an account of the squalor, poverty and brutishness of the life in the "picturesque" English villages. *Alton Locke,* appearing two years later, describes the Chartist uprising through the eyes of a London journeyman tailor. The autobiographical narrative of the hero, from his poverty-stricken childhood, through his enlistment in the Chartist movement, his unjust imprisonment and his religious conversion, to his premature death, gives a gloomy picture of living and working conditions among "the sweated trades" in the metropolis. Both of Kingsley's books were roundly condemned by the "respectable" reviews, and both received widespread popular approval—especially *Alton Locke,* which was well received among the wealthy as well as the poorer classes.[64]

Charles Dickens possessed neither the information nor the temperament to deal as effectively with particular

[62] In places, he quoted them almost word for word. *Ibid.,* p. 364, footnote.
[63] *Ibid.,* Chap. ii.
[64] *Ibid.,* Chap. viii.

phases of the social problem as did the authors previously discussed. He attempted only one novel dealing exclusively with industrial conditions, *Hard Times*. The hero is a factory operative in Manchester ("Coke town") and the villain, Bounderby, is a factory owner. The plot includes a strike. Throughout most of his other works, however, individual characters or incidents relate to the sufferings of the poor, the selfishness or hypocrisy of the rich, and the shortcomings of the government. Such characters as "Little Nell," "Bob Cratchett," "Trotty Veck" and "Jo" are types of abject, hopeless poverty. In *Oliver Twist* and in the sub-plot of "Betty Higden" and "Sloppy" in *Our Mutual Friend,* the oppressive nature of the Poor Law is depicted. *Bleak House* and *Oliver Twist* describe slum life. On the other hand, such characters as "Alderman Cute," "Bounderby and Gradgrind," the "Podsnaps and Veneerings," "Ralph Nickelby" and "Scrooge" present Dickens's idea of the merchant and manufacturing classes—particularly the unscrupulous, smugly self-satisfied bourgeoisie, enriched by the industrial system to which he objected.

Dickens had no clear-cut creed, as did Disraeli and Kingsley, yet he gave expression repeatedly to certain ideas: the gravity of certain special forms of injustice—such as the Poor Law Administration, the Court of Chancery, bad housing—the need for governmental regulation of industry, the selfishness and insincerity of the "new-rich," the inadequacy of "Malthusianism" and of political economy,[68] and, above all, the "Carol philosophy" of the responsibility of all society for its humblest members. The Christmas message of *The Chimes* has been echoed ever since his time in English Socialist thought.

"Who hears us echo the dull vermin of the earth: the Putters Down of crushed and broken natures, formed to be raised up

[68] *Cf.* especially *The Chimes.*

higher than such maggots of the time can crawl or can conceive," pursued the Goblin of the Bell; "who does so, does us wrong. And you have done us wrong! . . .

"Lastly, and most of all," pursued the Bell, "who turns his back upon the fallen and disfigured of his kind; abandons them as vile; and does not trace and track with pitying eyes the unfenced precipice by which they fell from good—grasping in their fall some tufts and shreds of that lost soil, and clinging to them still when bruised and dying in the gulf below; does wrong to Heaven and man, to time and to eternity. And you have done that wrong!" [66]

The extent of Dickens' influence may never be determined; but that it has been tremendous is clear.

Diverse as have been the various religious, political and literary forces treated here, there nevertheless come from them a fairly uniform set of influences. These are: (1) the statement of the industrial problem in terms of human rights and wrongs; (2) the sentimental-moral reaction against the industrial system as well as its abuses; (3) the insistence upon the right of the community to interfere with the private operation of industry; and (4) impatience with the economic theories associated with the *laissez-faire* policy.

1. *The statement of the industrial problem in terms of human rights and wrongs* has been one of the most fruitful results of the various forms of agitation carried on in the last century. More and more, attention has been directed to the people living under the factory system, to their long hours, overstrain, poor housing, and the like. And this emphasis on the individual workingman and workingwoman has been largely responsible for the changed direction in socialist thought that forms the essence of the Guild

[66] Dickens, *The Chimes* (London, 1844. Third Quarter). *Cf.* Cazamian, *Le Roman Social*, Chaps. iv, v, and Andrew Lang, *Introduction* to Gadshill edition of Dickens *Christmas Books*.

Idea. It is upon the sense of injustice to men and women, *not* as participants in the national dividend, but as cogs in the industrial machine, that the Guild argument rests.

2. *The sentimental-moral reaction against the industrial system as well as its abuses* has already been discussed in connection with the political revolt against industrialism. It is clear, however, that the same spirit has animated the religious and literary portions of the revolt. Though it has not always been openly expressed, there has been among the writers a feeling as to the essential wrongness of a régime which could have such human degradation and wastage. In the case of Ruskin, and the Christian Socialist, this spirit found explicit formulation. As will be seen later, this same conviction of the organic unsoundness of modern industrialism appears throughout Guild literature. Mr. G. D. H. Cole sums up the viewpoint of his colleagues when he declares that "the present economic system does not want mending—it wants ending; and the only attack that is worth making is a direct attack upon the foundations of the system itself."[67]

It should be pointed out here that this feeling is largely a sentimentalist-moral one; that is, it is not concerned particularly with practical measures for getting itself put into action. For better or for worse, it begins and ends merely as a vague, yet very real belief that industrialism is "all wrong."

3. *The insistence upon the right of the community to interfere with private enterprise* forms the "interventionist" aspect of the attitude assumed by the writers and social reformers of this period. The particular forms of regulation proposed by them varied, from factory legislation to "coöperative production." But all agreed in asserting the right of the community, on behalf of itself and

[67] Cole, *Labour in the Commonwealth* (London, 1919), p. 138.

of the workers, to curtail the right of the mine and factory owner to do as he would "with his own." It was the assertion of the *collective* against the *individualist* ideal. It achieved relatively few results during the nineteenth century, but it has spread rapidly in recent years. And the observer, who wonders at the sudden growth of collectivist sentiment in England during the past two decades, will find enlightenment in remembering that there has been a tide of demand for interference with "free competition" ever since the passage of the first factory act. The Guildsmen, as did the Fabian Socialists before them, have taken particular advantage of this sentiment by recognizing its existence elsewhere than among the manual laboring classes, and aiming their propaganda at the "intelligentsia" as well as the proletariat.

4. ***Impatience with the economic theories associated with the laissez-faire policy*** has constantly been displayed by the advocates of reform, especially the essayists and novelists. Such an attitude is easily understood when it is remembered that the authority of the political economists was, for some time, solidly opposed not only to regulation of industry, but also to relaxation of the oppressive operation of the Poor Law, and to the organization of trade unions.[68] They were sympathetic with labor, but held the wage fund and Malthusian doctrines; so that they believed all remedies save the restriction of population to be against the real interests of labor. Little wonder that Carlyle dubbed the political economy of his day "paralytic radicalism—which sounds with Philosophic Politico-economic plummet the deep, dark sea of troubles; and . . . sums up with the practical inference and use of consolation, that nothing whatever can be done in it by man, who has simply to sit still, and look wistfully to 'time and general laws';

[68] This applies especially to those economists in the generation between Adam Smith and John Stuart Mill.

and thereupon, without so much as recommending suicide, coldly takes its leave of us." [69]

As already noted, this contempt of political economy has had an important bearing upon recent radical thought, none more so than Guild Socialism. There has been a tendency to overlook the very great change which the science itself has undergone, and also indiscriminately to forget its truths, in condemning its inaccuracies. That is, many modern reformers have come to have an airy disregard for *all* political economy. That this attitude is a source of weakness will be shown in the critical portion of this work.

One further minor point should be brought to mind again here. It is that the Christian Socialists kept alive the notion of coöperative production, making easier than might otherwise have been the case, the revival of that idea by the Guildsmen.

IV. The Medievalist Reaction

Throughout the section preceding, reference has been made to the tendency of certain thinkers to look backward for an escape from the evils of their day. This renewal of interest in the spirit and institutions of the Middle Ages has given to the Guild Idea much of its distinctive flavor.

As may already have been inferred, the Medievalist revival followed much the same lines as the reaction against individualism—was, indeed, carried on partly by the same men. It may, therefore, be considered under headings somewhat similar to those in the preceding section: (1) the popular reaction; (2) the political reaction; (3) the religious reaction; and (4) the literary and artistic reaction.

1. *The popular medievalist reaction* is the most obscure portion of the movement. To how great an extent the com-

[69] Carlyle, *Chartism*, Chap. x.

mon people came to have such a feeling on their own initiative can only be conjectured. On the one hand, it is clear that their main preoccupations were with the present and the future, and not with the past. On the other hand, it is clear that there was, to some extent at least, a spontaneous turning back to the institutions of "Old England." Even during the heat of the agitation of the "twenties and thirties" there were occasional expressions of preference for the days when "crown and mitre" had ruled the land.[70] During this period also, William Cobbet, one of the most popular and outspoken of working-class leaders, published a *History of the Protestant Reformation in England and Ireland,* which purported to show that this event had "impoverished and degraded the main body of the People in those countries," and in which he idealized the glories of the Middle Ages with all the skill at his command.[71] That the public must have been in a frame of mind favorable to the book is evident from the fact that it achieved a circulation of 40,000.[72] In fact, a modern Guild writer declares Cobbet to have been "the first to expose . . . the conspiracy against things medieval."[73]

It may also be pointed out that certain sections of the poorer classes in any country always bewail "the good old times," and that this would almost certainly be the case in nineteenth century England, among a population to whom

[70] For example, a letter from J. Partington in *Poor Man's Guardian*, September 6, 1834. The writer attacks the record of the "Dissenters" from the time of Charles I.

[71] *Cf.* the quotation from Letter V, in Melville, *Life and Letters of William Cobbet* (London, 1913), Vol. II, pp. 220-221. The book appeared serially in 1824.

[72] Smith, *William Cobbet* (London, 1878), Vol. II, p. 242. Cobbet's widely read *Rural Rides* also expressed regret at the passing of feudal relationships between land and peasant. Cazamian, *Le Roman Social*, p. 116.

[73] Penty, *A Guildsman's Interpretation of History* (London, 1920), p. 102.

"progress" meant, all too often, slums, unemployment, and overwork.

2. *The political medievalist reaction* is much more clearly marked. It centers around the movement commonly associated with Disraeli, and variously termed "Young England," "Tory Democracy," and "Tory Socialism."

There was an interesting attempt to effect a political alliance between the "industrious classes" and the landed gentry, as early as 1834, on the part of one Bernard, a fellow at Oxford.[74] It was not, however, until the "Young England" movement appeared in 1840 that "Tory Democracy" became a reality.

Like the Anglo-Catholic Revival and the Pre-Raphaelite Brotherhood, with which it had much in common, "Young England" started among a group of Oxford students.[75] Disraeli became the leader, and although the group went to pieces in 1845, the more vital of its principles have carried on to the present day. Disraeli and his followers sought "to reconcile the working classes to the Throne, the Church, and the Aristocracy";[76] that is, to restore feudalism at its best. This theory was supported by a practical policy, at once progressive and reactionary. Its progressive features were involved in the claim of the Tory Democrats that they were the real "friends of the people" rather than the "free traders"—recruited largely from the employing and trading classes—and they sought to establish their

[74] Bernard, *Theory of the Constitution* (London, 1834), and *Appeal to the Conservatives* (London, 1835). Bernard attempted to prove from history that the "moneyed" classes had always overturned governments for their own benefit. He attempted to interest the London "Consolidated Union of the Working Classes" in his scheme. His book is favorably commented upon in the *Poor Man's Guardian*, August 9, 16, and 23, 1834.

[75] A fairly complete account of the movement is given in Sichel, *Disraeli* (London, 1904), Chap. iii. A good statement of the ideals of Tory Democracy is given in Butler, *The Tory Tradition* (London, 1914), Chap. iii.

[76] Quoted in Sichel, *Disraeli*, p. 129.

claim by enacting practical reforms protecting the working classes against their employers, and by throwing the preponderance of political power away from the middle classes, where it had resided since 1832, to the working classes.[77] Its reactionary features consisted in its general insistence upon the essentially feudal theory of the value of such institutions as the aristocracy, the crown, and the church, as guardians and leaders of the common people, and upon its consequent detraction of the efficacy of mere political democracy. In this last connection Disraeli was prone to associate democracy with mob rule, and to contrast it with "popular government."[78]

3. Disraeli also urged the church to resume her rôle as "special protectress of popular liberties," showing the influence of the *religious medievalist reaction.*

The Oxford Movement, or the Anglo-Catholic revival, can be only sketched here. In 1833, a group at Oxford, the most noted of whom were John Henry (later Cardinal) Newman, John Keble, and Dr. Pusey, began an attack on what they considered "National Apostasy,"[79] that is, England's abandonment of the Church of England to "liberal" theology, secular domination, social indifference, and liturgical aridity. They developed a counter-propaganda, in which they urged a return to Catholic (not Roman Catholic) ideals of dogma, ecclesiastical authority, and forms of worship. There is no need here to follow the controversies they provoked. It is sufficient to point out that they left a lasting impression upon the thought of the English Church, in that they strenuously asserted the authority of the Church against the State, in that they reinforced the

[77] Finally accomplished by Disraeli in 1867.

[78] Butler, *The Tory Tradition*, p. 9.

[79] For a brief account of the Oxford Movement *cf.* Walpole, *History of England from 1815* (London, 1905), Vol. V, Chap. xxi. For a longer account *cf.* Cecil, *The Oxford Movement* (London, 1909), and Newman, *Apologia pro Vita Sua* (London, 1864).

Tory Democrats' plea for a Church jealous of the liberties of the common people,[80] and—most important of all—in that they powerfully impressed the minds of the English people with a sense of the splendor of the Middle Ages. The advocacy of the cause of the poor, though not so pronounced as in the "Evangelical" Christian Socialist movement, was nevertheless present, and has constantly gained in emphasis.[81]

At one time William Morris, then a student in Oxford, became so impressed with the richness and beauty of religious workship, as practised by the Anglo-Catholics, that he seriously considered becoming a clergyman.[82] Instead, he entered the field of art, and became one of the leaders in the literary and artistic medievalist reaction.

It should not be forgotten that the Roman Catholic Church was not without influence on English thought. The Irish were, of course, overwhelmingly Roman Catholic, and there was always a goodly number of Irish workingmen in England. Besides, about the middle of the nineteenth century, the Roman Catholic Church underwent a spectacular revival in England. The reëstablishment of the Roman hierarchy in 1850 and the defection to the Roman obedience of such notable Anglicans as Newman and Manning helped to set in motion a "Romeward" movement that still continues. As Manning rose to ecclesiastical and national eminence, his advanced position on labor questions aroused wide notice. Although he was too much a man of affairs[83] to hanker after the medieval as did Newman, nevertheless, in his eager championship of "the

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[80] *Cf.* Ward, *Ideal of a Christian Church* (London, 1844).

[81] An excellent sketch of this phase of the Anglo-Catholic movement is Widdrington, "The Rock Whence Ye Were Hewn," *Church Socialist*, July-August, 1920 (London).

[82] Compton-Rickett, *William Morris* (New York, 1913), p. 133.

[83] He had been trained for "the City." Leslie, *Henry Edward Manning* (London, 1921), pp. 33-35.

dignity and rights of labour,"[84] he urged the social ideals of an older England against the political economy of modern Manchester.[85] Further, in the famous Knights of Labor controversy, he defended trade-unionism, and, in his letter to the Liège Congress he foreshadowed Leo XIII's advocacy of "Christian association."[86] Finally, the mere fact that it was Cardinal Manning—the ultramontane prince of a church which gloried in its continuity with the Middle Ages—who settled the Great Dock Strike of 1889, who plead the cause of democracy until he was accused of "socialism," and about whose grave laboring men crowded in hundreds, could not but have struck powerfully the popular imagination of England. Cardinal Manning's life in particular, and the Roman Catholic renascence in general, must not only have interested the public in things medieval, but must also have set at least some of them, in seeking for guidance upon modern industrial problems, to look toward the ancient heritage from which the Roman Church drew her inspiration.

4. It has already been shown that the *literary medievalist reaction* began with Carlyle. In a sense, indeed, it began at the end of the eighteenth century, when the "romantic movement" in English literature revived an interest in medieval life. The same may be said concerning the novels of Sir Walter Scott. Yet it was Carlyle who formulated the medievalist spirit into a social creed. In seeking a solution for the "condition of England question," he proposed a program from which the Tory Democrats drew much of their inspiration.

In the first place, Carlyle expressed slight respect for the "nostrums" offered as social remedies. He specifically rejected solutions based on the "supply and demand" creed of the political economists, the "greatest happiness" phi-

[84] *Cf. Ibid.*, p. 362.
[85] *Cf. Ibid.*, pp. 358-363, 376-377. Hatton, *Cardinal Manning* (Boston, 1892), p. 203.
[86] *Cf.* Leslie, *op. cit.*, p. 380. Hatton, *op. cit.*, p. 192.

losophy of the utilitarians, the "Mammonism" of the middle classes, and above all, the "ballot box" theory of political democracy. "The notion that a man's liberty consists in giving his vote at election-hustings, and saying 'Behold, now I too have my twenty-thousandth part of a talker in our National Palaver,'" Carlyle found to be "one of the pleasantest." [87]

Instead, he urged spiritual regeneration, based upon a sense of the transcendental realities and of the dignity of work. In the way of practical reforms he advocated a return to aristocracy, not a "dilettante aristocracy" but a "working aristocracy," which would feel the same responsibility for the common people as did the better sort of feudal nobles, and would direct them in useful work carried on under decent conditions. Concerning the selection of these new "captains of industry," Carlyle was vague. It is clear, however, that although he rejected blind dependence on political democracy, he did not desire a return to autocracy. Instead, he hoped for a "government by the wisest," in which the people would have sufficient training and foresight to select the right leaders.

This last point must never be forgotten: *Carlyle opposed the mechanical democracy in which his generation believed,* but he looked forward to a *true democracy, both in politics and industry,* combining the wisdom and kindliness of feudalism at its best with the modern ideal of personal freedom.[88] In short, his creed has much in common with that of the Guildsmen, and it is fitting that Carlyle should, with Ruskin, Morris, and Arnold, be named as a source of inspiration by the author of the first Guild Socialist book.[89]

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[87] Carlyle, *Past and Present,* Book III, Chap. xiii.

[88] *Cf. Ibid., passim,* especially Book III, Chap. xiii; Book IV, Chaps. iv and v; *Chartism, passim,* especially Chap. x.

[89] Penty, *Restoration of the Gild System* (London, 1906), Preface.

With Ruskin also, the "way out" for the British workingman seemed, in a large measure, the "way back." It has already been shown that Ruskin definitely broke with industrialism; he also proposed a deliberate turning back to medieval customs and institutions. He advocated a return to the medieval practice of the "just price"; sought to reëstablish a sort of autocratic, rural, feudal colony; and, finally, made the proposal which the Guildsmen have adopted bodily: the conversion of the trade unions of to-day into replicas of the craft guilds of yesterday.[90]

Ruskin was almost as much an artist as he was an essayist and social reformer. Hence, his influence was felt in the *artistic medievalist reaction.* In this, he was much in sympathy with the *Pre-Raphaelite Brotherhood* and the *Arts and Crafts Movement,* which grew out of it. The "Pre-Raphaelites" started as a group of young enthusiasts at Oxford. The artist, Burne-Jones, and the artist-poet, Dante Gabriel Rossetti, were, with Morris, the best known members of the "Brotherhood." As their name indicates, they sought to "reach through art the forgotten world of old romance—that world of wonder and mystery, and spiritual beauty which the old Masters knew," that is, the world of the Middle Ages,[91] before it was destroyed by the Renaissance and the Reformation.

Morris was not, however, satisfied in merely getting himself and his art into spiritual touch with the vanished glories of the past. He wanted to give his vision to the rest of England. He consequently entered the field of practical reform, and started in motion two forces that contributed directly to the emergence of the Guild Idea. These were

[90] Ruskin, *Fors Clavigera* (London, 1871-1884), Letter 89. The letter was written in 1880, and addressed to "The Trades Unions of England." *Cf.* also *Time and Tide* (London, 1871), Secs. 78-80; Hobson, *John Ruskin, Social Reformer* (Boston, 1898), pp. 178, 303-320.

[91] Watts-Dutton, *Article on D. G. Rossetti,* in Encyclopedia Britannica, 11th edition.

the Arts and Crafts Movement, and—what may be called for lack of a better term—"Democratic Socialism." [92]

The Arts and Crafts Movement attempted to set in operation once more the Medieval crafts system. Morris himself founded a "Guild of Handicraft" which was, in 1906, still "living its own life on communal and coöperative lines," and he himself revived many of the medieval crafts, such as glass-making, weaving, and bookbinding, in the conduct of which he participated in true master-craftsman fashion.[93] Morris' example was widely followed; the attempt was made once more to establish "self-governing workshops"; and medieval standards of hand production and of thoroughness and beauty in workmanship were to some extent brought back into industry. In the next chapter the intimate connection of the later fortunes of this movement with the foundation of Guild Socialism will be taken up.

Morris' "Democratic Socialism" had much in common with the theories of Carlyle and Ruskin, whom he admired immensely. His social philosophy consisted in a theory of "art as a necessity of human life"; in a revolt against industrialism; in the ideal of the independent craftsman, and in hostility toward political reform.

His theory of art was much the same as Ruskin's. He held that good art could come only as "the expression of pleasure in the labour of production," and conversely that life was "a time to be passed in enjoyable work." [94]

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[92] The phrase was not used by Morris. He usually spoke of "communism," but the word is now unsuitable, because of its present connotation. The word "Democratic" has been selected because of Morris' part in founding the "Democratic Federation," and because the essence of his theory is the establishment of democracy in all branches of life.

[93] *Cf.* MacKail, *Life of William Morris, passim;* March Phillipps, "Pre-Raphaelitism and the Present," *Contemporary Review* (London), May, 1906; Beer, *History of British Socialism*, vol. II, pp. 246-258.

[94] Morris, Essay on "The Socialist Ideal in Art," in *New Review* (London), January, 1891; *Architecture, Industry and Wealth* (London, 1884-1892); *Signs of Change* (London, 1888); Essay on "Hopes of Civilization."

His revolt against industrialism followed immediately upon this theory of art, for he believed that modern industry made enjoyable work impossible, and, further, by the division of labor, "turned the man into a machine," accomplishing "the complete destruction of the individuality of the workman, and his apparent hopeless enslavement to his profit-grinding masters." [95] That is to say, the dominance of the profit-taking motives over the employer, and of the machine over the laborer made it impossible for the workingman to maintain his happiness and independence or for the nation to develop a true art.[96]

The ideal of the independent craftsman was what Morris looked toward for the overthrow of the system. He believed that not until "inequality of condition" was abolished, could "a healthy art" exist, when men could then be "able to refuse to make foolish and useless wares, or to make cheap and nasty wares which are . . . indeed slave wares, made by and for slaves." [97]

In the accomplishment of these aims, Morris placed little faith in political reforms. "Palliatives and Parliament" were alike distrusted, and as a consequence Morris broke with the Fabian Society, where the policy of peaceful penetration through political action was just beginning to be tried out.[98] In this respect, as in others, Morris anticipated the attitude taken by the Guildsman.

It should be said, finally, that throughout his life, in his literary and artistic work, as well as his socialistic agitation, Morris constantly dwelt upon the superiority of the

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[95] *Ibid.*

[96] *Cf.* also Morris' poem, *No Master*, and *News from Nowhere*, *passim*.

[97] Morris, *Architecture, Industry and Wealth*, essay on "Art, Wealth and Riches" (first published, 1883).

[98] Morris, *Signs of Change*, essay on "Whigs, Democrats and Socialists" (London, 1886); Pease, *History of the Fabian Society*, pp. 66-69.

Middle Ages over the modern period.[99] Nowhere, throughout the nineteenth century probably, was the case for medievalist reaction put so enthusiastically and so successfully as by William Morris.

Furthermore, William Morris, probably more than any one else, may be taken as a forerunner of Guild Socialism. His demand for liberty from the tyranny of the machine and of the profit-taker, his ideal of the independent craftsman, his revolt against political "meliorism," his experiments in the self-governing workshop, and his profound appreciation of the spirit of the medieval gild craftsmen all point directly to the Guild Socialist doctrine. Moreover, Morris is given such veneration by the Guildsmen as is due a prophet.[100]

In addition to the direct influence of Morris on the Guildsmen, the medievalist reaction left its mark upon the Guild Movement in four ways: (1) The respect for medieval institutions; (2) the spirit of anti-politicalism; (3) the spirit of anti-statism; (4) the spirit of industrial democracy.

1. *The respect for medieval institutions* need not be discussed further. The extent to which it dominated the Tory Democrats, Anglo-Catholics, Arts and Craftsmen, and essayists has been made manifest, as has also the importance of this feeling to the development of the Guild Socialist ideal.

2. *The spirit of anti-politicalism* has also been shown to have run through most of the medievalist writers. In the case of the Tory Democrats, Anglo-Catholics and Carlyle, it led to the advocacy of a new feudalism. But it should be noted that their anti-politicalism *did not necessarily lead to such conclusions.* It might lead to *direct action revolutionism,* and it is entirely likely that much of their preach-

[99] *Cf.* the Prologue to Morris, *The Earthly Paradise* (London, 1881-1894).

[100] *Cf.* especially the closing paragraphs of Cole, *Labour in the Commonwealth.* Mr. Cole has declared himself to the writer to be a devoted admirer of Morris.

ing against "ballot-box" democracy undertaken with the idea of restoring faith in feudal traditions has in fact directed the minds of workingmen to a distrust in all forms of legal reform, and to a predilection for "mass action" on their own account. In the case of William Morris, such a conclusion appears clearly to have been reached.

3. *The spirit of anti-statism* appears only dimly, in the denial by the Anglo-Catholics of the authority of the State over the Church. It is implicit, however, in the whole medieval notion, for the doctrine of the sovereign state, it should never be forgotten, is a product of Roman law applied to modern conditions, and was unknown under feudalism. It remained for the next generation to develop the implications of the anti-State theories of the medievalist reaction into such a form as to render it an important source of Guild Socialist ideology.

4. *The spirit of industrial democracy* has been shown to have been hinted at by Carlyle, and advocated by Ruskin and Morris. Its bearing upon the Guild Idea is obvious.

V. The Example of Foreign Labor Movements

There remains to be discussed only one other element in the background of Guild Socialism—the example of foreign labor movements. It need receive only brief consideration here, for the record of their influence belongs with the account of the Birth of the Guild Movement.

It is necessary here only to point out that Guild Socialism, although mainly a British product, has nevertheless been influenced by outsides forces, for the English labor movement has kept in touch with the labor movement in other countries.

There is, however, little evidence that any foreign ideas save those of French Syndicalism and American Industrial

Unionism have taken hold in England. The works of such writers as John Stuart Mill show that the systems of Fourier and St. Simon have been discussed,[101] and Morris makes some references to Fourier,[102] but there appears to be no reaction in British Socialist ideas to these influences.[103]

Marxism has been considered in this work as a British influence. In so far as it is of foreign origin, it is an exception to this statement. As will be shown in the next chapter, however, there has been a pronounced admixture of French Syndicalist and American Industrial Unionist theories with English ideas in the formation of Guild doctrines.

A discussion of these two schools of thought will not be undertaken here. American Industrial Unionism is familiar to the American reader as "I. W. W.ism,"[104] while an account of French syndicalism must be sought by him elsewhere. It is, in many respects, similar to "I. W. W.-ism"; in fact, has furnished it with so much of its philosophy that the I. W. W. is commonly considered a form of syndicalism.

At this point merely a summary of the features in which these two movements affected the English socialists will be given. They are: (1) industrial unionism; (2) direct action; (3) the general strike; (4) anti-statism; and (5) industrial democracy.

1. *Industrial Unionism* is the basis of organization both in French trade unions and in the I. W. W. In this respect it differs from the traditional craft union. While the Owenite revolutionary trade unions were also industrial,

[101] For example, Mill, *Principles of Political Economy*, Book II, Chap. i.

[102] Morris, *News from Nowhere*, Chap. x.

[103] *Per contra*, Marshall finds Guild Socialism similar to Fourierism. Marshall, *Industry and Trade* (London, 1919), p. 844, footnote.

[104] *Cf.* the excellent account of the I. W. W. contained in Brissenden, *The I. W. W.* (New York, 1919). Good discussions of French syndicalism are Levine, *Syndicalism in France* (New York, 1914); Cole, *Self-Government in Industry* (London, 1917), appendix A; Cole, *World of Labour* (London, 1913), Chaps. iii and iv.

nevertheless, it seems evident that much of the Guild Socialist insistence on "The Reconstruction of Trade Unionism"[105] comes from consideration of French and American experience.

2. *Direct Action* is an important feature of both French and American syndicalism. As will be seen, it is also an important element of Guild Socialism. To how great an extent it has been taken from these foreign examples, rather than from those purely English sources already traced, is a matter of conjecture.[106]

3. *The General Strike* is a characteristic of syndicalism, as it is of at least one group of Guild Socialists. Yet, as has been shown, the general strike originated in England, not in France, and the memory of the "Grand National Holiday" of the Chartist period has probably never faded from the minds of British workers. Accordingly, the Guild Socialist adoption of this revolutionary device cannot be laid *entirely* to foreign influence.

4. *The Anti-Statism* of syndicalism appears to have made a definite impress on the Guildsmen. Partly because of their semi-anarchistic origin, and partly because of their disillusionment with "Parliamentarism," the French Syndicalists have worked out a policy, not merely of effecting a revolution without reference to the State, but also of building a non-State commonwealth. Such a commonwealth the syndicalist would base on *occupational* rather than *territorial* representation, giving supreme legislative authority to delegates sent by the various labor and professional organizations in the nation. As will be shown in the next chapter, this theory exerted a powerful influence on the minds of British radical workingmen and "intellectuals" during the years immediately preceding the

[105] Reckitt and Bechhofer, *Meaning of National Guilds*, Chap. v. Sec. 2. *Cf.* Cole, *Self-Government in Industry*, Chap. ii.

[106] Mr. A. R. Orage, in a letter to the writer, minimizes French influence on this and other points.

birth of the Guild Idea, and left a lasting effect upon Guild theories, particularly those associated with Mr. G. D. H. Cole. Yet, once more, it must not be forgotten that there was an anti-statist phase of the Medievalist reaction.

5. *Industrial Democracy* is the basis of the syndicalist ideal, as it is of the Guild Socialist. The French Syndicalist looks forward to a commonwealth in which each industry is to be owned and controlled by its workers. The Guildsmen envisage a régime in which the workers control but do not own the enterprises in which they are engaged. It has been shown that there had gradually arisen a similar ideal among the English forerunners of the Guild Idea, yet French Syndicalism must, at least, have added definiteness and force to it.

In general, French Syndicalism and American Industrial Unionism can be said to have given Guild Socialism much of its "impulse and force."[107] Practically all of the characteristic notions of Guild Socialism were present among radically minded English reformers, before these foreign programs made any impression on them. Some of them were probably, however, present only "in solution"—if a chemical term may be used. Following the figure, these outside impulses may have acted to "precipitate" them, and to unite with them to give them form.

In the next chapter it will be shown how the various elements, whose development has been described, combined to make up the Guild Idea.

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[107] Russell, *Roads to Freedom* (New York, 1919), p. 84.

CHAPTER III

THE BIRTH OF THE GUILD MOVEMENT

Guild Socialism made its formal début in 1912. It had, however, been developing for several years previous. The course of that growth, and the circumstances attending its definitive formulation may now be traced.

These events may be discussed under four heads: (1) the rising tide of reform; (2) independent radical movements; (3) the new revolutionism; and (4) the proclamation of Guild Socialism.[1]

I. The Rising Tide of Reform

First of all, it is necessary to consider social and political conditions in England during the first few years of the present century. The reign of Queen Victoria ended as it had begun, in the shadow of social unrest, which has grown steadily blacker from that time until the present. As might be expected, it has stimulated a series of reform movements, which are the subject of this section. They are: (1) "the new unionism"; (2) Fabian collectivism; (3) "the new liberalism"; and (4) the labor party.

1. *The "New Unionism"*[2] illustrates a curious phenomenon—which is probably more than coincidence—that

[1] It will be impossible to supply documentary reference for much that appears in this and the following chapter, because it is based on interviews or correspondence with the leading Guildsmen. A very useful "chronological summary" of the period is appended to Slater, *Making of Modern England.* The account of these years in Beer, *History of British Socialism,* is helpful. For the period since the war, *cf.* Cheyney, *Industrial and Social History of England* (New York, 1920), Chap. xii.

[2] *Cf.* Webb, *History of Trade Unionism,* Chaps. vi and vii.

periods of great business depression in England have been followed by active labor agitation. Owenite trade unionism and Chartism followed the slump succeeding the Napoleonic Wars; "the new unionism" followed the great panic of 1875; and the present social ferment followed the crisis of 1907-1909.

Beginning about 1880, trade unionism, which had been greatly enfeebled during the preceding depression, began an aggressive campaign for more inclusive organization and higher wages. Hitherto unorganized trades became unionized and won strikes with surprising ease. Against this militant trade unionism, the employers developed a counter-attack; and from this time on, lines between "labour and capital" have been drawn ever more sharply.

Meanwhile, Socialist agitation had been going on vigorously. Henry George's Single Tax propaganda had received probably more serious attention than it ever did in the United States. Such organizations as the Democratic Federation, the Socialist League, and the Social Democratic Federation, aided by William Morris, John Burns, Mr. Belfort Bax, and Mr. H. M. Hyndman, kept the working people in "a great ferment and excitement." London once more became the scene of "monster demonstrations" and bloody clashes, such as had grown unfamiliar since the "thirties and forties."

As a result, British labor became once more "class conscious." It began again to consider not merely questions of hours and wages, but also the distribution of wealth and the control of industry. Moreover, the workman was now armed with the ballot, as he had not been fifty years before, and he sought to realize his ideas through legislative enactment, as well as through industrial action. Consequently, from 1880 to the end of the first decade of this century, British labor, in addition to having an aggressive

trade union program, was tending toward State Socialism, or Collectivism.[3]

2. *Fabian Collectivism.* The mobilization and further recruitment of the collectivist forces has been the work of the Fabian Society.[4] This remarkable organization was organized in 1884. It has included in its membership such people as H. G. Wells, Bernard Shaw, Sidney and Beatrice Webb, Sir Oliver Lodge, Mrs. Annie Besant, Graham Wallas, and R. H. Tawney, and has held sway as the intellectual leader of British Socialism until the challenge to its authority made by the Guildsmen. Taking its name and policy from the Roman, Fabius Cunctator, the society has interested itself in practical, "half-a-loaf" policies of reform rather than the preaching of sudden revolution. It has also largely repudiated the economics as well as the tactics of "orthodox" Socialism, holding instead to a doctrine showing the influence of John Stuart Mill and Henry George: namely, the demand for the acquisition by the community of the "unearned increment" of both land and capital.[5] For the accomplishment of this purpose, the Fabians have worked persistently, if indirectly, for the extension of State control,[6] and for the leveling down of large fortunes on the one hand, and the leveling up of the condition of the poor on the other.

The leveling down program has included taxation of inheritance, income, and ground rent, and the nationalization or municipalization of industry. The leveling up policy has led to the advocacy of state insurance, after the German model, and of various forms of public aid and

[3] Webb, *History of Trade Unionism*, p. 476. *Cf.* Slater, *Making of Modern England*, Chap. xxi.

[4] *Cf.* Pease, *History of the Fabian Society* (New York, 1916), *passim.*

[5] *Cf.* Pease, *History of the Fabian Society*, Chap. xii and Appendix i. Memorandum by Bernard Shaw on Fabian Economics.

[6] Used here to include local agencies of the State, such as municipalities.

subsidy of the poor, such as public health service, the minimum wage, and employment exchanges. The Fabians have not been averse to advocating compulsion in providing the poor with the "National Minimum" of health, income, and the like, and in this have aroused an opposition on which much of the difference between Collectivism and Guild Socialism rests. In politics, the Fabians have, for the most part, been neutral, supporting either Liberal or Labor candidates, according to the suitability of the individual. On only a few occasions has the society run its own candidates.

As has been said, the Fabians have, until recently, enjoyed a tremendous prestige. Their spokesmen have been distinguished, fearless, persuasive. Their methods have been cautious, yet remarkably successful. As a result, their program has not only found a place in the demands of all sorts of reform organizations, but has also been written into the acts both of municipal and county councils, and of Parliament.

3. *"The New Liberalism"* was one channel through which Fabianism worked. The student of recent British political history will remember that, following the fall of the last Gladstone ministry, the Conservative or Unionist Party enjoyed a ten-year term of power. Following the Tory Democrat principle of Disraeli, it passed some laws favorable to labor and a comprehensive factory law. The famous Taff-Vale Decision, however, by which the members of trade unions were made individually and collectively liable to pay damages for the acts committed under the auspices of their unions, was a serious setback to labor, and made the ruling party unpopular among trade unionists.[7] The unexpected duration and costliness, both in lives and money, of the Boer War, also added to the

[7] Slater, *Making of Modern England*, p. 263.

ministry's unpopularity. Consequently, the general election of 1906 resulted in a "landslide" for the Liberal Party.

There followed a social reform program ordinarily known as "The New Liberalism." Abandoning the traditional *laissez-faire* policy of mid-Victorian Liberalism, the new ministry introduced a series of reforms, many of which verged on Collectivism. Besides a series of child-welfare bills, including the provision of free meals for under-fed school-children, and further regulation of industry, the Liberal Parliament passed an Old Age Pensions Act in 1908, a Labor Exchanges Act in 1909, and an Insurance Act in 1911, which provided for compulsory insurance against sickness and unemployment. A Trades Boards Act, in 1909, established a minimum wage in certain "sweated trades." Largely at the behest of the Labor Party representatives, a Trade Dispute Act, passed in 1906, restored to the Trade Unions the immunity from liability which the Taff-Vale Decision had taken from them.

The climax of "the New Liberalism" was reached when Mr. Lloyd George, then Chancellor of the Exchequer, sought to provide funds for the increased expenditures which this program had laid on the government by his famous "Budget," which increased the taxation on the landed classes to a greater degree than on the moneyed classes. The "Budget" was, accordingly, rejected by the House of Lords, and, amid intense excitement, involving two General Elections (1910), the Liberals were sustained in their determination to pass the "Budget," and also permanently to curtail the veto power of the House of Lords.[8]

The bare recital of these events demonstrates how far England had traveled along the road to socialism during

[8] *Cf.* Cheyney, *Industrial and Social History of England*, pp. 331-351.

the first ten years of the century; and how closely this socialism approximated the Collectivism of the Fabian Society, no matter under what party label the various measures have been introduced.

4. *The Labor Party's entrance* into British politics is an event of great significance, considered from the viewpoint of British social history, as well as the development of Guild Socialism. Two years after the Reform Bill of 1867, the trade unionists had organized a "Labor Representation League," and five years later the first two "Labour" members were sent to Parliament. With the development of "the New Unionism" and its Collectivist spirit, the working classes began turning slowly away from the two dominant parties. In 1892, there were sixteen "Labour" members of Parliament, and the next year saw the formation of the Independent Labor Party, a moderate socialist organization, called by its critics "the child of the marriage between the Fabian intellectuals and the provincial labourists." The Taff-Vale Decision, constituting more or less of an official threat at the power of the trade unions, made it seem that their only hope lay in getting favorable legislation through their own representatives, and accelerated their tendency toward working-class politics.

So it was that, after the General Election of 1906, the country was astounded to find a "solid phalanx" of fifty-four labor members of one sort or another returned to Parliament.[9] On the eve of that body's convening, the "Labour Representation Committee" dissolved, and set up in its place the Labor Party, its members pledging themselves "to abstain strictly from identifying themselves

[9] Twenty-nine, "Labour Representation Committee" members and twenty-five Independent Labor, Liberal Labor, and private members. *Cf.* Cheyney, *Industrial and Social History of England*, pp. 321-323. Slater, *Making of Modern England*, pp. 263-265. Noel, *The Labour Party* (London, 1906), Chap. 1.

with, or promoting the interests of any section of the Liberal or Conservative parties." As already pointed out, the Labor Party was able in a short time to force the passage of the Trade Disputes Act, and thus restore the advantages to the trade unions which the Taff-Vale Decision had threatened. From that time the party has been a recognized factor in British politics, and is now the largest opposition party in the House of Commons.[10]

The power of the Labor Party has fluctuated greatly during this period. Nevertheless, whether strong or weak, the Labor Party has, since 1906, claimed to be the official representative of the British working classes. Its Parliamentary leaders have been looked upon as their spokesmen. Furthermore—and this fact is of great importance to this discussion—workingmen have been urged to seek what reforms they desired through the Labor Party. That is to say, with the advent of the Labor Party, the British working-class movement has been more or less definitely committed to *political action* for putting into effect any program of wide-reaching significance. During the first years of its history, the party was loyally supported by all wings of the labor and socialist movements.[11] As time wore on, however, the early enthusiasm began to cool, and the rise of the Guild Movement is closely connected with this turning away from faith in political action.

A part of the reason for the revolt against political Laborism was the rise of a group of new reform movements, independent of the more "orthodox" radical schools.

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[10] Slater, *op. cit.*

[11] A lively description of the high hopes aroused by the Labor Party's early triumphs is presented in Cecil Chesterton, "The Decline and Fall of the Labour Party," Chaps. i-iii, printed in *The New Age* (London), May 11, 25 and June 8, 1911, and a contemporary reflection of the same spirit appears in the editorial columns of *The New Age* for 1906 and 1907.

II. Independent Reform Movements

The Englishman is, above all things, an individualist, and his *penchant* for independent action has been manifested in his radical reform activities as well as elsewhere. Hence, although the dominant note in British reformist circles during the early years of the century was a demand for a Fabian Collectivist extension of State control over industry and private life, there were, nevertheless, active minorities of radicals whose thought was cast in entirely different molds. They threw themselves into sharp opposition against the ruling theories of reform, and much of the Guild Idea was worked out as a result of this controversy.

The most important of these independent reform groups were: (1) the Anti-Collectivists; (2) the Anti-Statists; and (3) the Socialist-Laborists.

1. *The Anti-Collectivists* are the most interesting group, for they include such well-known persons as Mr. G. K. Chesterton and Mr. Hilaire Belloc. Both of these writers are ardent disciples of the religious phase of the medievalist reaction, and both have been at one time in their careers, whole-souled Liberals.[12] Their Liberalism led them bitterly to oppose the Collectivism advocated by the Fabians, as hostile to personal liberty, and finally to break with the Liberal Party, when that organization began to pass collectivist legislation.[13]

During 1907 and 1908, Mr. Chesterton and Mr. Belloc engaged in a controversy in the columns of *The New Age* with Mr. H. G. Wells and Mr. Bernard Shaw, the first two taking an anti-socialist stand. Here they made clear the

[12] Mr. Chesterton formerly contributed to the Liberal *Saturday Review*. Mr. Belloc was a Liberal Member of Parliament, 1906-1910.

[13] Mr. Chesterton's opposition to Liberalism also is bound up with his hostility to prohibition. *Cf.* G. K. Chesterton, *The Flying Inn* (London, 1914); *Wine, Water and Song* (London, 1915).

root of their anti-collectivist position, namely, that it tended to destroy freedom and substitute a "Servile State," in which "a comparatively small class of . . . men shall control under the guardianship of public laws, the lives of all the rest." Mr. Belloc went on to say that "the word *slave,* or its equivalent, may or may not be introduced, but we shall have come back, after a long cycle of change, to that old and enduring condition of society in which many men are owned by one. . . . I can imagine a future condition in which the dearest right living men possess should be the right of being ascript to their mill."[14] In line with their medievalist tendencies, Messrs. Chesterton and Belloc proposed a "Distributivist State," that is, a nation made up largely of peasant proprietors, where the "instinct of ownership" should be satisfied. In so far as this distribution of ownership could be applied to large-scale industry, such a scheme would, of course, be very similar to Guild Socialism. In 1912, the Anti-Collectivists' position was clearly expressed by Mr. Belloc in his book, *The Servile State.*[15]

This argument was trenchantly applied to the whole Liberal Collectivist program, particularly the National Insurance Act, which, it will be remembered, had compulsory features, and which had become so unpopular with the Anti-Collectivist group that they dubbed it "a bill for the reduction of the working classes of Great Britain to a condition of chattel slavery.[16]

It should be borne in mind that the Anti-Collectivists were no friends of the present industrial order. Quite in the spirit of Carlyle, Ruskin, and Morris, they regarded it with repugnance. Mr. Belloc, indeed, called it "the

[14] Belloc, "The Three Issues," *The New Age,* May 2, 1908.
[15] London, 1912.
[16] Cecil Chesterton, *The Decline and Fall of the Labour Party,* Chap. viii, *The New Age,* August 17, 1911.

mere capitalist anarchy." Accordingly, they indicted Collectivist legislation from a second standpoint, namely, that, far from removing the present conditions, it merely mitigated and perpetuated them; that is, by making the worker physically comfortable, it made "capitalism" tolerable. Moreover, they claimed that the destruction of individual liberties tended in reality to make the workman the slave, not of the State, but of the "capitalist," working through the bureaucrats administering the State. It is to this situation, in which the workers are obliged to be reduced to a sort of industrial serfdom by State action in the ultimate interests of the employers and financiers, that the term "Servile State" is strictly applied.

A third source of antipathy to the Collectivist proposals was the application of the two preceding arguments to a special case—the freedom of trade union action. What was to become of the "right to strike" under a Collectivist régime? Would a strike in a State-owned industry be counted as revolt, and treated accordingly? Would the collective bargaining power of the strongest trade union be of any avail against the authority of the government? These are questions which the Collectivist has never been able to answer to the complete satisfaction of the more "advanced" labor leaders, and has forced some of them into a position of hostility to public ownership.[17]

These general considerations were given special point in 1907, when a threatened railway strike was settled through government intervention by an evasion of the real issue, namely, trade union recognition. The Fabian Society "Executive" issued a "letter to the Press" approving the "treaty which Mr. Lloyd George has imposed upon the railway industry," on the grounds that "in the case of the nation's principal means of land transport, resort to

[17] This partially accounts for Mr. Gompers's opposition to nationalization of railways.

that she had enjoyed in the Middle Ages, independent of State authority and the consequent political influences.[22]

But Figgis went beyond those ideas of his predecessors. He was a historian as well as a clergyman, and he put forward a theory which denied the absolute sovereignty of the State. He maintained, on the contrary, that there were certain associations—churches and trade unions among them—whose corporate personalities were inviolable from State authority, since their life was independent of it, and might, in the case of the Churches, be anterior to it. The State could "recognize and guarantee . . . the life of these societies—the family, the club, the union, the college, the Church; but it no more created that life than it created the individual, though it orders his birth to be registered." Consequently, "the theory of sovereignty, whether proclaimed by John Austin or Justinian, or shouted in conflict by Pope Innocent or Thomas Hobbes, is in reality no more than a venerable superstition. . . . As a fact it is as a series of groups that our social life presents itself, all having some of the qualities of public law and most of them showing clear signs of a life of their own, inherent and not derived from the concession of the State."[23] In brief, he considered political authority "as an association, not a lordship."

In this Figgis was following the path already blazed by the great legal historian, Maitland,[24] who had maintained before him the "reality" of the legal personalities of other

[22] It must never be forgotten that in the Church of England, ecclesiastical preferment depends upon the government; so that in practice, the Prime Minister decides them. The feeling which must be aroused in the breasts of loyal Anglo-Catholics at the spectacle of bishoprics being filled through appointments by a Baptist Prime Minister may be easily conjectured!

[23] Figgis, *Churches in the Modern State* (London, 1914), p. 224; *From Gerson to Grotius* (London, 1907), p. 217.

[24] *Ibid.*, Appendix i, and Maitland, *Collected Papers* (London, 1911), Vol. II; Essays on "The Crown as Corporation," "The Unincorporate Body," and "Moral Personality and Legal Personality."

groups than the State. He also drew upon certain French theories,[25] growing out of the French Republic's treatment of the religious orders.[26] That is, the work of Figgis united two streams of thought, one springing from regretful contemplation of the glories of the Medieval Church, the other based upon a reëxamination of the hitherto generally accepted principles of political science, and both leading to the conclusion that the State is neither able nor entitled to deal arbitrarily with the various associations included within its borders. Moreover, though Figgis was primarily thinking of the Church, he clearly saw the significance of his theory for the trade union, as the passage quoted shows.[27]

It is but a step to the converse of this principle, namely, that the various associations may assert their right not only to preserve their privileges from State encroachment, but also to assume new ones at the expense of the State. This is, indeed, the claim which the Guildsmen have made, quoting specifically the authority of Figgis for their position. Figgis' books and lectures appeared during the years when Guild Socialism was taking final form, and undoubtedly did much to shape the theory of "divided sovereignty" which characterizes that group of Guildsmen following Mr. G. D. H. Cole.[28]

3. *The Socialist Laborists* furnished a totally different

[25] Figgis, *op. cit.*, p. 23. *Cf.* Duguit, *Law in the Modern State* (New York, 1919), pp. 183-185.

[26] A good discussion of the Anti-Statist position in terms of American thought appears in H. J. Laski's *Introduction* to the American edition of Duguit's book; in his own *Studies in the Problem of Sovereignty* (New Haven, 1914); and *Authority in the Modern State* (New Haven, 1919).

[27] *Cf.* also Maitland, *Collected Papers*, Vol. I, p. 319.

[28] *Churches in the Modern State* was delivered in lecture form in 1911. From *Gerson to Grotius* is based on a series of lectures delivered in 1900 and published in 1907. *Cf.* Reckitt and Bechhof, *Meaning of National Guilds*, p. 22; Cole, *Labour in the Commonwealth*, p. 224; Cole, *Guild Socialism Restated* (London, 1920), p. 218.

form of protest against the generally accepted theories of reform. They were as far removed as possible from the atmosphere under which the doctrines of Maitland and Figgis were evolved. They were, instead, practical socialist politicians—for the most part, self-educated workingmen. The Socialist Laborists were a group of "out-and-out" Socialists, who had cast their lot with the Labor Party[29] before the 1906 election, in the hope of using that organization as a means of gaining trade-union support for socialism. In the long run, their hopes appear to have been justified, for the British Labor Party to-day seems, in fact, if not in name, to be Socialist, albeit Collectivist Socialist.[30] But, during the years 1906-1912, their plan seemed doomed to indefinite deferment. For the time being, the Labor Party suffered a decline both in its influence in Parliament, and in its prestige among its constituents, from which it has never completely recovered. The Guild Socialist insistence on the priority of industrial action over political action is largely the outcome of the revulsion of feeling towards political Laborism.

Up to the middle of the year 1907, the Labor Party not only held its ground, but appeared to be gaining. The Trades Disputes Act of 1906 was forced upon the ministry, in place of its own bill, by the Laborites, and was a real victory for the working classes. In July, 1907, two "bye-elections" went "Labour" in quick succession.[31] One of the successful candidates, Mr. Victor Grayson, of Colne Valley, fought and won a "three-cornered contest," as a "straight socialist." His election is said to have caused

[29] Then the Labor Representation Committee. *Cf. supra*, p. 59.
[30] Beer, *History of British Socialism*, Vol. II, Chap. xxi.
[31] The American reader should remember that in England "bye-elections" to fill Parliamentary vacancies occur much more frequently than corresponding Congressional elections in the United States—are, in fact, going on practically continuously. They are, therefore, given great significance, for they serve as excellent "straws" to show how the wind of popular opinion is blowing.

"something like a panic among the propertied classes."[32] Among the socialists, Grayson's election was hailed as a "crowning mercy," and *The New Age* confidently declared "that the Labor Party is not only predominantly Socialist, but will become increasingly Socialist."[33] This event marked "the high water mark of the Labor and Socialist tide." Soon afterward, the voters began turning from both Liberals and Labor back to the Conservatives.

The reasons for the failure of the Labor Party to maintain its authority are difficult of ascertainment. It was probably due mainly to a "swing of the pendulum" from the radical spirit toward the conservative—a phenomenon not unfamiliar in any democracy. Another important factor was undoubtedly the party's failure to deal with circumstances utterly beyond its control. As will be shown in the next section, the months of glowing enthusiasm attendant upon the success of the British working classes at the polls were almost immediately followed by a period of "hard times." Unemployment and rising prices produced widespread distress and unrest, and the failure of the Labor Party to force the government to "do something about it" brought about a scepticism towards political action and the Labor Party as unwarranted as had been the faith hitherto reposed in both.[34]

There were, however, more tangible causes for the defections from the Labor Party at this time, especially as regards the Socialists-Laborists. Contrary to their hopes and predictions, the Labor Party did *not* prove to be "predominantly socialist"—quite the contrary. Its leaders were in a difficult position. They had no clear electoral

[32] Cecil Chesterton, "The Decline and Fall of the Labour Party," Chap. ii, in *The New Age*, June 22, 1911. The outline for this section has been taken largely from Mr. Chesterton's series, appearing in *The New Age*, May 11 to August 17, 1911.

[33] *The New Age*, August 8, 1907.

[34] *Cf.* Slater, *Making of Modern England*, p. 265.

mandate, beyond the passage of the Trades Disputes Act. They were supposed to represent "the cause of Labour," but as to just how that was to be done, neither they nor their constituencies had any clear idea. Many of the Parliamentary Laborists were advanced socialists, and, as the Colne Valley election showed, there was an active socialist group among their supporters. There was, however, another and probably larger group who were merely Liberal, or, at most, vaguely Collectivist. Moreover, much of the "out-and-out" socialist support was drawn away from the Labor Party by the Independent Labor Party. The Parliamentary leaders were faced, therefore, with two alternatives. They could become outspokenly socialist, and run the risk of alienating both the majority of their actual following, and a large number of potential supporters—thus sacrificing their chances to become anything more than a small "irreconcilable" *bloc*. On the other hand, they could play safe, and try to convince the public that they were not unduly revolutionary, but run the risk of antagonizing some of their ablest and most enthusiastic constituents—the Socialist-Laborists. It was this course which they chose.

Their decision was probably partially decided for them by the remarkably advanced legislation which the Liberal Party brought in. As already shown, much of it was socialist in all but name, and the Labor Party leaders—following the "half-a-loaf" tactics of their Fabian mentors—might well have asked themselves whether it was worth while too openly to defy the ruling party, when it was already passing measures very much like those which they desired. Whether wisely or not, they apparently decided that discretion was the better part of valor.

The Socialist-Laborists did not hesitate to hint very broadly of "understandings" between Laborists and Liberals—of promises to make concessions, and to grant favors

in return for the abandonment of a militant policy. What basis such charges have will probably never be known. It may be pointed out, however, that the action of the Labor Party leaders may be satisfactorily explained as merely the result of honest caution. And, in view of the ultimate success of that party, it can certainly not be said that their position was entirely wrong.[35]

The tactics which they adopted, however, proved exasperating in the extreme to their more ardent colleagues. Their electoral policy seemed unduly timid, while their policy inside the House of Commons seemed colorless and abject.

The Labor electoral policy was one of vacillation. In the case of Grayson, the "out-and-out" socialist, the official leaders ignored and even repudiated him during his campaign.[36] From that time forward, the Labor Party continued to "tread lightly" in endorsing candidates, especially where the Liberals had an assurance of success, till such Liberal journals as *The Spectator* spoke of an "entente" between the two parties, and the socialist wing of the party, declaring that its independence had been "bartered away for a few paltry seats," asked "where in the name of political gumption does the Labour Party suppose itself to be going by such devious paths?" [37]

The policy of the Party inside Parliament was equally unsatisfactory to the militant membership. On the one hand, it failed to push an aggressive program of its own.

[35] A spirited defense of the "official" position will be found in the letters from Mr. J. M. Clynes, *The New Age*, November 12 and December 17, 1908.

[36] The whole "Grayson incident" is discussed—from the Socialist-Laborist viewpoint—in Cecil Chesterton, "The Decline and Fall of the Labour Party," Chap. ii, *The New Age*, July 6, 1911. *Cf.* also the editorial comment in *The New Age*, 1908-1911.

[37] *The New Age*, September 19, 1908. The editorial was called forth by the failure of the Labor Party to support a locally nominated Labor candidate at Newcastle.

On the other, it supported pretty consistently the Liberal measures.

The particular occasion for an aggressive "Labour" program was the industrial depression of 1908-1909, and its attendent unemployment. The Labor Party put forward a "Right to Work Bill," providing that local authorities should find work for the unemployed and maintain applicants for whom no work could be found. The bill was defeated, by a vote of over two to one,[38] and the ministry beyond certain "palliative measures" did not adopt a permanent policy towards unemployment until the next year, when it passed the Labor Exchange Act. From this time forward, the Labor Party, as a body, did very little about unemployment. Individual members uttered protests and moved futile amendments, but the party remained helpless and passive. Finally, at the end of 1908, Mr. Grayson, the Socialist-Laborist, interrupted a discussion of the Licensing (Temperance) Bill by dramatically calling attention to the "starving" workmen; was declared "out of order"; and was suspended from the House of Commons, with the support of *all but two Labor Party votes.*[39] The "Grayson incident" aroused a storm of protest. Letters and telegrams congratulating Mr. Grayson poured in on him; the official Laborites were driven to petty personal attacks on Grayson in defending their position; while the Independent Labor Party, after a stormy debate, was forced by threat of resignation on the part of its "old guard" to pass a resolution condemning him. *The New Age* eagerly championed Grayson, giving him temporarily a position on its staff.[40]

Besides failing to put forward a radical program of its own, and punishing a member who tried to shame it into

[38] *Constitutional Year Book* (London, 1909), p. 346.
[39] *Ibid.*, p. 357.
[40] *Cf. The New Age*, October 10, 1906.

doing so, the Labor Party acquiesced in the Liberal Program. Many of its members supported the Liberal "temperance reform" legislation, and similar measures. Finally, when the great "Budget Fight" came, the Labor Party threw itself heartily into the contest with the Liberals against the House of Lords. To many Socialist-Laborists, this virtual alliance with the Liberals seemed to be a complete surrender of the independence which the Labor Party had declared in 1906.

"The Labour Party . . . has struck at the very root of its political existence. It has sacrificed its future strength because it has not the pluck to stand firm for independence. . . . It has created a new war-cry for Labour, "Workers, unite! You have the Budget to win. You have nothing to lose but your Parliamentary seats!" It has forsaken Socialism for the old, old game of playing at politics.[41]

The Socialist-Laborists considered themselves deserted in their election campaigns, and betrayed inside Parliament. Consequently, they turned away from the Labor Party. For a while, they attempted separate political organization, through a "Labour Representation Committee," and eventually succeeded in establishing the British Socialist Party.[42] Some of them, however, gave up their faith in the priority of political action, and began urging "industrial action."

Chief among them was *The New Age*, which adopted this policy early in 1909 [43] and continued advocating it ever more strongly until it became formulated into a slogan later adopted by the Guildsmen, "Economic power precedes political power."

[41] Warwick and Taylor, *Playing at Politics* (London, 1909), p. 16.
[42] *Cf. The New Age*, 1909-1910, *passim;* Beer, *History of British Socialism*, Vol. II, pp. 386-388.
[43] "A Note of Discernment to Mr. Arthur Henderson, M.P.," *The New Age*, April 15, 1909.

The frequent references to *The New Age* in the foregoing discussion are worthy of particular note. Of the three independent radical movements opposed to the dominant idea of Collectivism and political action, two of them —Anti-Collectivism and Socialist-Laborism—found their clearest expression in the columns of that journal. Together with the Anti-State position, they constitute the major portion of the Guild Socialist doctrine, in so far as it is a criticism of other Socialist theories. It is not strange, therefore, that the Guild Socialist doctrines gradually took form in the mind of Mr. A. R. Orage, editor of *The New Age,* during the years when these controversies were carried on in the pages of that journal, and that it was in *The New Age* that Guild Socialism received its first definitive statement.

III. The New Revolutionism

The first two sections of this chapter have brought events down to about the year 1911—the date of the passage of the Insurance Act. By this time, the reform movement was in full swing. The rise of the Labor Party had revealed the existence of a very radical temper throughout the English people, especially among the working classes. Further, there was evidence of an undercurrent of dissatisfaction with the current ideas of progress. The Collectivist position was being eagerly questioned; the authority of the State to coerce trade unions, for reform—or any other —purposes, was being assailed; the Labor Party had been declared "dead," so far as its right to represent socialism was concerned, and to have "placed itself utterly at the mercy of the governing class.[44] Such opinions as these, together with those which had come down from the previous century, contained most of the elements of Guild Socialism.

[44] Cecil Chesterton, "The Decline and Fall of the Labour Party," Chap. vi, *The New Age,* July 20, 1911.

There remained the need only for an impulse to crystallize them, and an occasion for declaring them. Both were supplied by the events of 1911 and 1912, out of which arose a new revolutionary movement.

These events were: (1) the reappearance of a "strike fever"; (2) the preaching of Syndicalism; and (3) the Osborne Decision.

1. *The reappearance of a "strike fever"* was the first warning to England that a renewed belligerence had taken hold of the working classes. At least two causes, both economic, operated to bring about this increased militancy. One was the industrial depression of 1907-1909; the other was the decline in real wages.

It has already been shown how the great business decline, beginning about 1907,[45] resulted in a tremendous increase in unemployment, and how the demand of the laboring classes for relief was only inadequately met by the government.[46] Just as in 1830 and 1880, a great amount of bitterness and discontent among the working classes followed.[47] Then, as always, in similar circumstances, there were among them those who felt that an industrial system which periodically forced them to the edge of starvation, must be in need of a radical revision. It was this spirit of desperate revolt which brought the "rank and file" momentarily to Mr. Grayson's side in his spectacular appeal in behalf of the unemployed, and it was the aftermath of this spirit which provided much of the apparently unreasoning bitterness manifested among the British laboring population in 1910, 1911, and 1912.

[45] The "Panic of 1907" in the United States. It started somewhat later and lasted longer in England than in America.

[46] As reflected in unemployment, the depression commenced in April, 1907, reaching its peak in October, 1908, and did not get back to anything near its average percentage until March, 1910. *Board of Trade and Labor Gazette* (London, 1907-1910).

[47] *Cf.* Rowntree and Lasker, *Unemployment* (London, 1911), pp. 254-257.

The decline in real wages, which took place about this time, was also an important factor. The causes for this phenomenon are beyond the limits of this discussion. Inflation, following the South African and Russo-Japanese Wars, and the vastly increased world-production of gold during the early years of the present century undoubtedly played an important part.[48] Possibly the increasing intensity of competition with Germany was also partially responsible in that it gave the employers a decreased margin of profit, out of which to grant concessions to their laborers. For one reason or another, wage rates remained about stationary, while prices rose—wage rates advancing between 1905 and 1912 at the rate of 2 per cent to 5½ per cent, while prices rose in the corresponding period at the rate of 13.7 per cent.[49]

Thus, already embittered by the privations of the previous years, the British workingman saw the purchasing power of his income dropping steadily. The result was a wave of strikes. Some idea of the intensity of this "strike fever" may be gained from the following table:[50]

Years	Disputes No. of	Persons Affected	Duration in Days
Average of 1901-10	463	221,058	4,258,859
1911	903	961,980	10,319,591
1912	812	1,437,032	40,346,400

Not only were the strikes frequent in number, but they also involved the basic industries of England. The steamships' sailors and firemen struck successfully early in 1911, and then in August, 1911, the railway men went on strike, as

[48] Slater, *Making of Modern England*, p. 265.
[49] Great Britain Board of Trade Report, 1913, quoted in Beer, *History of British Socialism*, pp. 366-367.
[50] *Cf.* Perris, *Industrial History of Modern England* (New York, 1914), p. 510.

well as the transport workers and dockers. In February, 1912, the miners struck throughout England, and in August of the same year, the London transport workers went out. The railway strike resulted in a compromise through government intervention, while the miners' strike was not settled until the government passed a National Minimum Wage Act, applying to the mines. In Ireland there were similar disturbances among the transport workers.[51]

The excitement attending these great strikes was intense. The newspapers devoted much space to the "industrial unrest," while Mr. Lloyd George found it necessary to issue a special statement in the House of Commons on the same subject.[52] The result of this ferment upon the development of the Guild Idea was two-fold. On the one hand, it created a general apprehensiveness, making the public more than ready for any new scheme which might be put forward. On the other hand, it gave support to the opinion which had been rapidly growing, that it was through *industrial* and not political action that labor's victories were to be won, for the very considerable victories which labor won were fought almost wholly through strictly trade-union action, with only incidental references to political action. There was political intervention in the railway strike and in the miners' strike, but it was intervention forced by industrial action, registering results on the industrial struggle rather than signifying any independent accomplishment of labor's political representatives. *The New Age* gave voice to a widely held idea when it declared that "since 1906, trade unionism has been giving political action a trial, but with the failure . . . of political action,

[51] *Daily News Year Book* (London), 1912, p. 14; 1913, p. 183; Monthly Labour Review (Washington), December, 1919, p. 116; Beer, *History of British Socialism*, pp. 361-363.

[52] *The New Age*, May 2 and May 30, 1912.

trade unionism may be expected to resume its industrialism at the point at which it was dropped and with the ideas accumulated during the political period."[53]

2. *The preaching of syndicalism* added to the excitement attending the "strike fever" and to the tendency towards industrial, as distinguished from political action. Syndicalism had been discussed in England for some years previously; an English branch of the American syndicalist Socialist Labor Party had been in existence since 1903 and had helped spread the idea of industrial, as distinguished from craft unionism.[54] Continental syndicalism had, moreover, exerted a more direct effect since the Swedish general strike and French postal strike in 1909,[55] and the French general strike in 1910 strongly impressed the British.[56] It was Mr. Tom Mann, however, who became the active apostle of syndicalism in England. He had come in contact with the Australian labor movement, which, in its turn imitated the American "I. W. W.," and was also familiar with the French movement. He took the lead in the syndicalist propaganda, which included the issuing of a publication entitled *The Miners' Next Step,* which foreshadowed the policy subsequently followed by the miners in attempting to capture control of the mines by their own action.[57] Meanwhile, Larkin and Connolly were preaching similar doctrines, not only to the Irish Transport workers, but to the thousands of Irish laborers in Liverpool and other English centers.[58]

By 1911 and 1912 syndicalism had become a sort of

[53] *The New Age*, February 29, 1912.
[54] Beer, *History of British Socialism*, pp. 355-359.
[55] *The New Age*, May 20, June 3, and August 12, 1909.
[56] *Cf. The New Age*, October 20, 1910.
[57] *Cf.* Mann, *From Single Tax to Socialism* (London, 1913); Pease, *History of the Fabian Society*, pp. 229-230.
[58] Beer, *History of British Socialism*, Vol. II, p. 362.

specter in England and was probably accredited with more influence in promoting the "labor unrest" than it really deserved.[59] At all events, it was widely discussed and its doctrines became well advertised.[60]

In so far as syndicalism has had any pronounced influence upon the Guild Socialist movement, it probably came at this period, for there is little likelihood that there was any general knowledge of it at all before this. Consequently, it is clear that most of the main ideas of Guild Socialism must have become well matured in the minds of its founders before syndicalism became a force in British Socialist politics. As has already been said, Continental syndicalism probably served chiefly "to precipitate" the Guild Idea.

Probably, also, it gave wide currency to the general notion of industrial control on the part of the workers, and thus prepared the ground for the Guild Socialist proposal. It is evident that this opinion was held by those who launched the Guild program, for about the time that Guild Socialism was propounded in *The New Age,* the columns of that paper were discussing syndicalism and declaring that some counter-proposal must be made to meet it. The following quotation is typical of the line of argument taken: "Syndicalism, we admit, is subversive not of modern society alone, but of society itself. The only defense against Syndicalism is Socialism. Yet if our governing classes will have nothing to do with Socialism, we must prepare to

[59] *Cf. The New Age,* March 7, 1912.

[60] Mr. Ramsay McDonald was moved to write a hostile criticism of it in 1912; the subject was put upon the "agenda" of the Trade Union Congress and the British Sociological Society discussed it in the same year. *Cf.* Kirkaldy, *Economics and Syndicalism* (Cambridge, 1914), p. 151. *The New Age,* May 9, 1912. A group of Oxford undergraduates published a short-lived monthly magazine entitled *The Oxford Syndicalist* during the year 1912.

meet Syndicalism."[61] The Guild Socialists have continued to take much the same position, declaring that their theory stands between the syndicalist position on the one hand and the extreme Collectivist position on the other.[62]

3. *The Osborne Decision,* made in December, 1909, declared illegal trade-union grants to the Labor Party, and strengthened the determination of certain of the unionists to eschew politics. The Labor Party had hitherto been largely supported by grants out of trade-union funds; much of the money thus appropriated being used for salaries to "Labor" members of Parliament, who, at that time, received no pay from the public treasury. By this decision, the whole structure of the Labor Party was jeopardized, since relatively poor men, such as represented it, could not serve in Parliament without salary. Further, it cut off from the party the organic connection with the trade-union movement which the financial relationship had entailed. The decision was, in effect, a direct admonition by the government to the trade unions to hew to the line of industrial action and to keep out of politics. To the amazement of the labor politicians, a remarkably large number of workingmen acquiesced readily in the government's decree, and reëntered the field of industrial action with the results just described. Eventually, in 1911, a Payment of Members Act was passed through Parliament, relieving the Labor Party of its embarrassment, but meanwhile vast numbers of trade unionists had turned their backs upon their Parliamentary representatives. The Osborne Decision served to accelerate their reaction from political methods and made them ready to listen to the preaching of the syndicalists.

[61] *The New Age,* March 7, 1912. The first article of the series announcing the Guild Socialist dogmas appeared April 25, 1912.
[62] Cole, *Guild Socialism Restated,* pp. 36-38.

IV. The Proclamation of Guild Socialism[63]

There remain to be considered the events and the men immediately concerned with the announcement of the doctrines of National Guilds. The story of the launching of the Guild Idea includes (1) the personalities of the first expositors of Guild Socialism; (2) the Gilds Restoration Movement; (3) the Hobson-Orage articles and *The New Age* propaganda; and (4) the Fabian Society "split" and the founding of the National Guilds League.

1. *The personalities of the first expositors of the Guild Idea* might well take up an entire chapter, for there was concerned with the formulation of the Guild Movement a remarkable group of men. The Guild Movement was never "founded," as was the Fabian Society. It was rather, in a very real sense, "born," after an embryonic development covering close to a hundred years. There are, however, certain men, without whom the theory of National Guilds might never have come into being, at least in its present form. They are Mr. A. J. Penty, Mr. A. R. Orage, Mr. S. G. Hobson and Mr. G. D. H. Cole.

Mr. A. J. Penty[64] comes very close to being "the original Guildsman." He does, certainly, form the connecting link between the Guild Idea of the present and its nineteenth century prototypes, particularly those connected with the Medievalist reaction. An architect, who had achieved considerable reputation as a designer of "garden city" dwellings, Mr. Penty became inspired with ideals similar to those which had driven Ruskin and Morris before him to seek a restoration of the architectural beauties of the Middle

[63] The writer is heavily indebted to Messrs. A. J. Penty, A. R. Orage, S. G. Hobson, G. D. H. Cole, M. B. Reckitt, and C. E. Bechhofer for the information they have supplied in interviews, letters, and personal documents and memoranda bearing upon this section.

[64] Born about 1873.

Ages. Like them, too, he felt forced into the field of social reform, in order to make possible the kind of architecture in which he believed.[65] He went through the customary procedure for a social reformer at that time. He became a Socialist in 1897, joined the Fabian Society in 1898, and shortly afterwards the York branch of the Independent Labor Party. Soon, however, he found himself out of sympathy with his Collectivist associates. As has been shown, the Socialism of the older generation was interested in *distribution* and was willing to leave production much as it was, provided only authority over its profits had been secured through public ownership. But it was *production* in which Mr. Penty was concerned. The story of his conversion to an Anti-Collectivist position may best be told in his own words, for it shows in high relief how incompatible with Collectivism is the spirit of freedom in creative effort, which every workman must feel to some extent—an artist or architect most of all.[66]

My mind was occupied with these problems when one day in July, 1902, I went into the office of the Fabian Society on some business of which I was then a member. The Fabian Society had promoted the scheme for the London School of Economics in Clare Market. The new building was nearing completion and E. R. Pease, the secretary of the Fabian Society, said to me, "What do you think of our new building?"

I hesitated for a moment, thinking what I would say, when he broke in, "I suppose you are thinking about the architecture. Well, we didn't take much trouble about that. We selected our

[65] During the summer of 1920, the writer shared a room with Mr. Penty, in a frame house built in the sixteenth century. He vividly remembers seeing Mr. Penty thumping the massive timbers in the walls and exclaiming bitterly, "Think of it, four hundred years old, and good as new, and they won't let me build a house to last forty years!" *Cf.* also Penty, "Competitive Waste in Architecture," *The New Age*, August 29, 1907.

[66] The quotation is from a memorandum prepared by Mr. Penty for the writer.

architect by a competition which we decided on—the statistical method."

"What is that?" I inquired.

"Well," he replied, "we invited three architects to compete. Dr. Garnett and I measured up the floor areas of each and we gave it to the one that had most in the class rooms."

I did not reply—I was speechless. The gulf between me and the Fabian mind was apparent. It was the turning point in my thought. Hitherto I had thought of interesting the Fabian Society in the economic problems of the Arts and Crafts. Now I felt this was a vain hope. Coöperation was impossible. I realized that the leading Fabians regarded us with contempt and that we had nothing to expect from them. I resolved to attack the Fabian Society.

At the time this happened, I was busy attempting to write a tract for the City of London Branch of the I L P on Socialism and Architecture. I had promised to write this tract but found difficulties in the way. For the life of me I could not show how architecture would prosper under Collectivism. Architectural departments I knew to be bad for architecture and were regarded as the architect's last hope, and yet under Collectivism all architects were to be absorbed by them. It could only mean the death of architecture. I came to the conclusion that architecture and Collectivism were incompatible. I withdrew the promise to write the tract, deciding to write a volume which was to have been called "Architecture and Politics." From discovering the incompatibility between architecture and Collectivism I began to see the incompatibility between Collectivism and the needs of society. So I resolved to attack Collectivism.

As will be seen below, the result of Mr. Penty's efforts was *The Restoration of the Gild System*, published in 1906, which clearly foreshadowed many of the characteristic Guild Socialist theories.

While preparing his book Mr. Penty was exchanging ideas with Mr. A. R. Orage, then a schoolmaster in Leeds,[67] who was a fellow member with him of the local branches

[67] Born 1873.

of the Fabian Society and Independent Labor Party, and the Leeds Arts Club. They were both Anti-Collectivists[68] and were both connected with the Arts and Crafts movement, but Mr. Orage was somewhat less concerned with its Medievalist aspect, and more with practical measures for enlisting the coöperation of the trade unions. Mr. Penty went to London in 1905, published his book a year later, and was soon joined by Mr. Orage, who collaborated with him in the Gilds Restoration movement.

Shortly afterwards, Mr. Penty's profession brought him to America. Early in 1907, Mr. Orage, with Mr. Holbrook Jackson, purchased *The New Age*, then a struggling, radical weekly paper, half-Liberal, half-Socialist.[69] Under Mr. Orage's exceedingly able editorship, *The New Age* became something of a sensation. It undertook, with considerable success, to be "a penny Socialist review that should not merely compete favourably with other penny papers, but boldly challenge comparison with the best six penny reviews."[70] Such notable men as H. G. Wells, Bernard Shaw, Cecil and G. K. Chesterton, Hilaire Belloc, Upton Sinclair, Eden Philpotts, Israel Zangwill, Edward Carpenter, and Arnold Bennett[71] have contributed to it, besides members of the Guild Movement. Their work, together with Mr. Orage's brilliant editorials, have made of *The New Age* "a center of educated revolutionary criticism."[72] While never enjoying a large circulation, the paper has been read

[68] *Cf.* Orage, *Towards Socialism*, Chap. ii ("The Meaning of Liberty"); *The New Age*, November 7, 1907.

[69] The first issue under the new editorship was May 2, 1907. The issue of March 28 indicates that the paper was financially "broke."

[70] *The New Age*, April 25, 1908.

[71] Under the pseudonym of "Jacob Tonson."

[72] Beer, *History of British Socialism*, Vol. II, p. 360. Herr Beer's statement that the paper was "founded in 1907 by members of the Fabian Society" is, of course, erroneous. It was twelve years old when Messrs. Orage and Jackson purchased it.

steadily by the "intelligentsia" of British radicalism, and has wielded a powerful influence on their thought.

When Mr. Orage became connected with the paper, he was already "Anti-Fabian (*sotta voce*)" and held "the Guild Idea . . . at high potentiality. *Events* were needed to make it actual." [73] The way in which the Guild Idea was unfolded in *The New Age* as the "events" developed has already been suggested. Opposition to political Laborism and to Collectivism gradually crystallized, the Fabian Society as well as its policies being attacked.[74] The significance of Syndicalism was clearly apprehended, and its temporary vogue cleverly utilized. Also, the root idea of Guild Socialism—control of industry by the workers—was persistently yet cautiously put forward. As early as 1907 the trade unions were urged to assume greater responsibility for production and to ask themselves "should workshop control be in the hands of commercial travelers or of master workmen?" [75] And in 1909, "the creation of gilds . . . with all the privileges as well as all the responsibilities of the ancient gildsmen" was proposed as an "alternate solution" in opposition to Syndicalism.[76] Later, on the eve of the definite declaration of the Guild Socialist faith, *The New Age* advocated "co-partnery" which would involve "a frank acceptance of the integral character of the unions and their right to an equal share in the responsibility of management in the business their members are engaged in," and went on to declare that "the true line of development of our trade unions is . . . most certainly in the direction of the restoration of the essential features

[73] Letter from Mr. Orage, March 22, 1921.

[74] *Cf.* J. M. Kennedy, "The Unidead Fabian," *The New Age, April* 27, 1911.

[75] *The New Age*, September 12, 1907, "The Future of Trade Unionism," October 31, 1907, and "Teachers' Trade Unions."

[76] *The New Age*, June 3, 1909.

of the gild system,[77] the responsibility for skilled work, the discipline of its members, the disposition of its collective forces, and the joint control . . . of the industry." [78]

Finally, in 1911 and 1912, as the culmination of his onslaught upon Collectivism, Mr. Orage wrote, week after week, a series of slashing criticisms of the Insurance Act, maintaining with Mr. Belloc, that it possessed "enormous potency as a precedent for slave legislation in the future,[79] but going beyond Mr. Belloc, and stating that no real solution could be found for "the present unrest" unless "wages are permanently raised," and declaring this to be impossible "so long as the monopoly of capital remains." [80] That is, the negative aspect of the Guild Idea—"the abolition of the wage-system"—was given expression as well as its positive side—"self-government in industry."

Mr. Orage's part in the promulgation of Guild Socialism is evident from the foregoing. Starting from much the same standpoint as Mr. Penty, he plunged into the welter of socialist journalism; gradually added the ideas which succeeding events evolved; and welded them through his editorials into the basis for the Guild propaganda.

The actual formulation of this propaganda was largely the work of Mr. S. G. Hobson.[81] Mr. Hobson is a veteran in Socialist propaganda. In common with Mr. Orage and Mr. Penty, he became a Socialist partly *via* Medievalism, for the books of Carlyle and Ruskin, put into his hands by a Socialist schoolmaster, were instrumental in "converting" him.[82] He was personally acquainted with William Morris. Like Morris, also, his socialism has included many Marxian ideas—particularly those discussed in the pre-

[77] Note similarity to title of Mr. Penty's book, including spelling of "gild."
[78] *The New Age*, January 18, 1912.
[79] *The New Age*, November 2, 1911.
[80] *Ibid.*, January 18, 1912.
[81] Born 1865.
[82] *Fabian News*, December, 1907. *Cf.* also *Ibid.*, March, 1907.

ceding chapter, the theories of labor-value and of surplus-value. It is, in fact, largely through Mr. Hobson that a large part of Guild Socialist economics is predominantly Marxian.

Mr. Hobson joined the Fabian Society in 1887, and helped found the Independent Labor Party in 1892. In 1900 he was elected to the "Executive" of the Fabian Society, and remained in office until his resignation from that organization in 1909. He unsuccessfully "stood" for Parliament, as a Socialist, in 1895, and again in 1906, and also lectured constantly in England, and occasionally in America, whither his profession as a journalist frequently brought him. Up until about 1911 Mr. Hobson was a Socialist-Laborist. For a time he had opposed socialist support of the "Labour Representation Committee" (afterwards the Labor Party), but during the early years of the Labor Party's history he supported it as a "political expression of the class struggle."[83] Presently, however, he began to wonder whether the Labor Party was "really in revolt," or different from Liberalism in "no fundamental principle,"[84] and, shortly after, in common with the other Socialist-Laborists, he became convinced of the hopelessness of attempting to transform the Labor Party into a Socialist Party—at least for the present. Accordingly, he joined them in their efforts to bring about "Socialist unity," and establish a straight Socialist Party. Soon after the "Grayson Incident" Mr. Hobson proposed to the Fabian Society a resolution which said, in part: "This meeting requests the Executive to withdraw the Fabian Society from affiliation with the Labor Party, so that, in conformity with previous declarations, the political energies of the Society may be devoted to the upbuilding of a def-

[83] S. G. Hobson, "Is a Political Socialist Party Necessary?" *The New Age*, July 11, 1907.

[84] *Ibid.*, "The Socialist Policy," *The New Age*, July 4 and 11, 1908.

inite and avowed Socialist Party. It also urges the Executive to lend its aid in forming Socialist Representation Committees, wherever practicable, as a first step towards the realization of a Socialist Party." The motion was defeated, and Mr. Hobson's resignation followed.[85] His subsequent writing shows that his experience left him thoroughly disgusted with Socialist-Laborism, or any other kind of Socialist politics.[86]

Shortly afterwards Mr. Hobson left for Central America on business, and while there worked on the first drafts of what eventually became portions of the articles in *The New Age,* setting forth Guild Socialism. As the footnote references have shown, Mr. Hobson had been a regular contributor to *The New Age,* and had become acquainted with the evolution towards the Guild Idea which that paper's editorial policy was undergoing. After his return from abroad he expanded his articles under Mr. Orage's editorial direction,[87] and they were used as the vehicle for formally launching Guild Socialism. As a journalist, Mr. Hobson wrote vigorously and persuasively; as an experienced campaigner in socialist battles, he wrote with an informed authoritativeness. The articles immediately attracted attention, and the book in which they have been reprinted has been one of the most widely read of all the Guild Socialist publications.[88]

As Mr. Hobson is the veteran of the Guild Movement, Mr. G. D. H. Cole[89] is its *enfant merveilleux.* As an Oxford man, and as a disciple of William Morris, Mr. Cole has also a Medievalist background. After a brilliant aca-

[85] *The New Age,* January 7 and 14, 1909.

[86] *Cf.* Hobson, *National Guilds,* Chap. ii ("Labourism and the Wage Systems"); Chap. viii ("Politics and the Wage System").

[87] The title page of the book, *National Guilds,* in which they are published, states that the book is by "S. G. Hobson—edited by A. R. Orage."

[88] It went through three editions from 1914 to 1920.

[89] Born 1889.

demic record, Mr. Cole was made Fellow of Magdalen College, Oxford, in 1912—an unusual distinction for a man twenty-two years of age. He held this appointment till 1919, being also connected with London University and a provincial college.

While an Oxford undergraduate, he joined the Fabian Society. In 1912 he helped to organize the Fabian Research Department, an agency for studying labor problems and trade-union organization, in conjunction with the Labor Party, coöperative societies, and trade unions,[90] and became its "honorable secretary."

Mr. Cole became interested in syndicalism[91] during his undergraduate days, and assisted in the publication of *The Oxford Syndicalist*, mentioned earlier in this chapter. Through one of his teachers he also became acquainted with the political theories of Maitland and later with those of his disciple, Figgis. Somewhat later he began to study the works of Rousseau, translating his *Social Contract* and *Discourses* in 1913, and in his introduction to the translation showed doubt towards the doctrine of absolute state sovereignty laid down by Rousseau.[92] Two years later he read a paper before the Aristotelian Society, in which he definitely broke from Rousseau, and put forward his own political philosophy of the "substitution for an omnipotent political democracy, of a functional democracy."[93]

Thus Mr. Cole reflected both the academic influence of

[90] *Cf.* letter from Mr. Cole in *The Nation* (London), November 22, 1919. *Cf.* also *Fabian News*, April, 1915, and the English *Who's Who.*

[91] A reflection of the Syndicalist influence on Mr. Cole appears throughout most of his works, especially *The World of Labour*, and *Self-Government in Industry.*

[92] Cole, Introduction to Everyman's Edition of Rousseau, *Social Contract and Discourses* (London, 1913), especially pp. xxii-xxxix.

[93] Cole, "Conflicting Social Obligations" in *Proceedings of the Aristotelian Society for the Systematic Study of Philosophy* (London, 1915). Mr. Cole has told the writer that, about this time, he was working on a book dealing with Rousseau's philosophy, which he never finished because he came to disagree with Rousseau.

the Anti-Statist philosophers, and the revolutionary tactics of Syndicalism in reaching a political theory to which an important group of Guildsmen, including the National Guilds League, have given adherence.

It was not until about 1913, however, that Mr. Cole became a Guild Socialist. This fact is worth noting. Mr. Cole was *an early convert, rather than one of the original proponents* of the Guild Idea.[94] It was in connection with his "Labour Research" activities that he began clearly to show the Guild Socialist influences. The progress of his conversion is recorded in the pages of the first of his remarkable series of books on labor problems, *The World of Labour*. Here he appears as a friendly critic, inclined, on the whole, to agree with Mr. Hobson's articles, then appearing in *The New Age*.[95] Then, as now, the Guild Idea appears to have appealed to him as a *via media* between Syndicalism and Collectivism. Soon he became an ardent disciple, and has remained perhaps the most effective propagandist of the doctrines of National Guilds. Because of his influence as a popularizer, and because of his formulation of the political theory to which most Guildsmen give allegiance, Mr. Cole approximates so closely in importance to Messrs. Penty, Orage and Hobson that his name is usually linked with them by members of the National Guilds group.

2. *The Gilds Restoration Movement* marks the first attempt to propagandize the doctrines of the Guildsmen. It was undertaken at the time when the Guild Idea was just beginning to receive clear definition, and accordingly reflects Medievalist tendencies rather more than the later Guild activities. Shortly after his arrival in London, Mr. Penty sought to revivify the Arts and Crafts Movement,

[94] *Cf.* "Towards National Guilds," *The New Age*, March 24, 1921.

[95] First Edition, London, 1913. *Cf.* especially Chap. xi, "The Control of Industry."

and was seconded in his efforts by Mr. Orage. Starting with the Junior Art Workers' Guild, which, in 1904, was "on its last legs,"[96] he succeeded in arousing considerable enthusiasm for studying the hitherto neglected economic side of the Arts and Crafts. In May, 1906, Mr. Orage addressed a full meeting of this group on "Guilds and Gilds" and carried amid considerable enthusiasm a proposal for the establishment of a Gilds Restoration League.

An unpublished declaration of "Objects" of the League proposed by Messrs. Penty and Orage, states:

> The principle of the Gild System is one that is true for all time. It is the principle that the individual craftsman should in all matters relating to his craft be subject to the control of the craft to which he belongs. It was the abandonment of this principle and the substitution of financial control which inaugurated the era of commercialism.
>
> The foundations of a restored Gild System have already been laid in the Trade Union and Arts and Crafts movements. These two represent respectively an economic and an artistic revolt, the former seeking to emancipate the worker and the latter seeking to emancipate the craft, from the spirit of commercialism.

Six weeks later, however, Mr. Penty sailed for America, and Mr. Orage was soon drawn off into other activities, so "nothing came of it."

The idea was carried forward, however, in another organization, The Fabian Arts Group. This was organized by Mr. Orage and Mr. Holbrook Jackson in 1907, as a subsidiary organization of the Fabian Society. For a time, the meetings "obtained lecturers as distinguished, and audiences scarcely less numerous than the Society itself." In 1908 the Arts Group conducted five discussions, led by Mr. Orage and Mr. Penty—who had returned from Amer-

[96] Quotations are from Mr. Penty's memorandum.

ica—on such subjects as "The Limits of Collectivism," "Trade Unions and the Craft Gilds" and "A Plan of Campaign." The "Members of the Fabian Nursery[97] turned up to oppose" them, however, and the Fabians remaining unregenerately Collectivist, the backers of the Arts Group abandoned it.

Mr. Penty's *Restoration of the Gild System* appeared in the midst of these activities—which were, indeed, designed partially in the hope of "preparing a public" for the book. It is an admirable presentation of the Guild Idea, as Mr. Penty held it in 1906. It contains a vigorous attack on Collectivism, and an appreciation of the merits of the Medieval Guilds written quite in the spirit of Ruskin and Morris.[98] It also follows Morris and Ruskin in being opposed to the division of labor—a point in which Mr. Penty is at disagreement with most of the other Guildsmen. Finally, the fundamental Guild Socialist proposals: the conversion of the trade union into craft guilds, and the supplementing of political by industrial government, appear in the book. Reference is made to Carlyle and Matthew Arnold, as well as Ruskin, and to the Anglo-Catholics and pre-Raphaelites as well as the Arts and Crafts Movement. Thus the book strikingly reveals how thoroughly English is the Guild Idea in its essentials, and how near to complete formulation it had come a full five years[99] before Syndicalism had made any appreciable impression on English thought.

Mr. Orage's contribution to the Gilds Restoration literature was a magazine article on *Politics for Craftsmen*, published in 1907.[100] In it, Mr. Orage urged the Arts and Crafts Movement to undertake a "political propaganda on

[97] The Younger Fabians. *Cf.* Pease, *History of the Fabian Society*, p. 189.

[98] Pp. 66-68 are quoted directly from Morris, *Art and Industry in the Fourteenth Century* (London, 1890).

[99] The Preface is dated 1905.

[100] *Contemporary Review*, June, 1907.

behalf of specific political privileges," looking towards "restoration of the Gild System." He also condemned the "dogmatic Collectivist Socialists."

From about 1907 the movement gradually underwent a "slump," though it was temporarily revived in 1909 through a number of interviews by a disciple of Mr. Penty in the London *Daily News* on "Apprenticeship," in which the "Gild Restoration" principles were dwelt upon. Two years later J. M. Kennedy gave some attention to the idea in a series of articles on "Tory Democracy" in *The New Age*.[101] By this time, however, the movement had become merged into the rapidly maturing *New Age* propaganda.

The Gilds Restoration Movement helped to prepare the way for later efforts. Yet it failed to make a lasting impression, partly because its own theories had not been completely developed, and partly because the authority of Collectivism was still too strong.[102]

3. *The Hobson-Orage articles and The New Age propaganda* have been discussed at some length already. It will only be pointed out here that they marked the beginning of the Guild Socialist propaganda in its present form, and that their immediate success served at once to make of the National Guilds Movement a clear-cut component of British radical thought. The first of these articles, "Emancipation

[101] Since reprinted—J. M. Kennedy, *Tory Democracy* (London, 1911).

[102] Mr. Penty's book received a "mixed reception." It was favorably received by Cecil Chesterton, *Fabian News*, September, 1906, but it was "held up to ridicule by the official Socialist and Labor Press," the Independent Labor Party's *Labour Leader* declaring that it "might have been written by a dweller in Cloud Cuckoo Town," and calling it "grotesque." *Cf.* Penty, *Guilds and the Social Crisis* (London, 1919), p. 87.

Something should also be said of the peculiar spelling of the word "Gild." It was deliberately adopted "in order to break away from the little hole and corner self-governing arts workshops that called themselves guilds," and was later abandoned. Its appearance in Guild Socialist literature generally marks the "Gilds Restoration" stage of propaganda.

and the Wage System," later Chapter I of the book, *National Guilds*, appeared April 25, 1912. The term "Guild Socialism" was first used October 10 of the same year.[103]

4. *The Fabian Society "split" and the founding of the National Guilds League* marks the entry of Guild Socialism into organized Socialist activities, as the Hobson-Orage articles denote its advent into the current of Socialist ideology and literature. For a time after his conversion to the idea of National Guilds, Mr. Cole attempted to work inside the Fabian Society, his idea being to revise that organization's policy. At the same time, together with Mr. M. B. Reckitt and some others, he decided to start a separate Guild Socialist propagandist society.[104] Backed by a small following, made up largely of his former Oxford associates[105] he made a series of rather startling proposals. The group demanded "the ultimate cessation of all its (the Fabian Society's) activities other than research and the propaganda of the results of research." It was further proposed that "a Fabian shall not be a member of, or publicly support the Liberal or Conservative parties, and shall stand for Parliament only under the auspices of some section of that (Socialist) movement of which the Society has declared itself a part." It was also proposed to delete all but the first paragraph of the "Basis," as being exclusively "Collectivist" in tone.

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[103] The phrase "National Guilds" was later substituted for "Guild Socialism" at the suggestion of a correspondent. The Guildsmen have wavered ever since between calling themselves "National Guildsmen" or "Guild Socialists," the more conservative preferring the former. The National Guilds League has called its monthly magazine "The Guildsman" until its issue of July, 1921, which changes the name to "The Guild Socialist."

[104] This statement is contrary to that contained in Mr. Pease's *History of the Fabian Society*, p. 231: It is based on an interview with Mr. Cole.

[105] For example, Messrs. M. B. Reckitt and W. Mellor.

These alterations of the Fabian policy would have virtually cut off the Society's official affiliation with political action—in which the Guildsmen had lost faith—especially the "capitalist" Liberal and Conservative parties, and would, by emphasizing trade union research, have swung it over towards "industrial action." The Guild Socialist objections to the alleged Collectivism in the "Basis" are obvious.

The "reform movement" provoked lengthy and none too friendly discussion, but, at the annual meeting in May, 1915, the "reformers" were hopelessly "snowed under."[106] Mr. Cole resigned from the "Executive" and from the Fabian Society forthwith.

Meanwhile the efforts for founding a Guild Socialist propaganda organization were continued. During the Christmas holidays, 1914-1915, at a meeting in Storrington, Essex, a "report" was drawn up, now known as the *Storrington Document,* containing a statement of principles upon which those present agreed "after long and heated discussion." The "report" was modified in March, 1915, and negotiations were opened with Mr. Orage, seeking his coöperation. Mr. Orage agreed to join, but would take no active part in the project, claiming that the time was not ripe for anything but the continuation of the discussion group which had produced the *Storrington Document.* Mr. Hobson and Mr. Penty, however, entered the organization and have participated prominently in its affairs.

Finally, during the Easter holiday of 1915, about a month before the final "split" with the Fabians, a conference was held at which the organization was completed, and the name "National Guilds League" adopted.[107]

[106] For a biased account of the affair, *cf.* Pease, *History of the Fabian Society,* pp. 229-232. A complete statement of the differing views and of the debate at the Annual Meeting is printed in *Fabian News,* April, May, June, 1915.

[107] By a majority of two over the word "Guild Socialist."

The founding of the National Guilds League brings to a close the story of the genesis of Guild Socialism. The progress of the League, and further developments in Guild Theory will be taken up in the next chapter.

CHAPTER IV

THE PROGRESS OF THE GUILD MOVEMENT

THE fortunes of Guild Socialism subsequent to its original formulation cover a relatively short span of years, and can be briefly told. The most notable features in the recent history of the movement are: (1) developments in the guild idea; (2) the propaganda of the guild idea; (3) diffusion of the guild idea; (4) propaganda by experimentation; and (5) the disputes over the present application of the Guild Idea.

I. DEVELOPMENTS IN THE GUILD IDEA

The chapters following will contain an exposition of Guild Socialist theories—both those with which the Guild Movement started and those it has taken on since its inception. Something must, nevertheless, be said of these newer theories at this point. The most notable additions to Guild Socialist doctrines are (1) Señor de Maeztu's and Mr. Tawney's development of the "Functional Principle"; (2) Mr. Cole's and Mr. Hobson's Political Theories; (3) J. M. Paton's doctrine of Encroaching Control; and (4) the Douglas-Orage credit scheme.

1. *Señor de Maeztu's and Mr. Tawney's development of the "Functional Principle"* has profoundly influenced Guild thought. Señor de Maeztu is a Spanish journalist, who began contributing a series of articles to *The New Age* shortly after the outbreak of the European War, which have subsequently been reprinted in book form.[1]

[1] De Maeztu, *Authority, Liberty, and Function in the Light of the War* (London, 1916).

His theories have to do with the doctrine of "natural rights," and his conclusion is that there are no such natural or "subjective rights" but only "objective rights," conditional upon the performance of some useful function by the individual or group claiming them. In apportioning powers and rights to functions he approaches the Anti-Statist position of Figgis and Mr. Cole—in fact, much of his philosophy and terminology is drawn from the French Anti-Statist, Duguit.[2]

Señor de Maeztu's conception has come to be known among Guildsmen as the Functional Principle and has been embodied in their propaganda ever since the appearance of his work. It has especially been adopted by both Mr. Cole and Mr. Hobson in their political theories, and by Mr. Tawney, in his indictment of the moral basis of the existing economic structure.

Mr. R. H. Tawney, who has until recently been a member of the National Guilds League "Executive," has utilized the Functional Idea as the basis for an impressive indictment of the present "acquisitive society."[3] Applying Señor de Maeztu's conception of rights as a concomitant of function, with particular reference to property, Mr. Tawney has attacked the entire modern theory of private property, insisting that property should be "functional" or "active." From this, he has concluded that such prerogatives of property as industrial control must pass out of the hands of mere "functionless" owners into the hands of the workers. He has thus reached the Guild Socialist position from a moral and legal viewpoint—an approach hitherto largely overlooked by the Guildsmen, and one of great fruitfulness as regards propaganda and constructive thinking. It might also be pointed out that Mr. Tawney holds up feudalism as, at least in theory, a true functional

[2] *Ibid.*, Preface. *Cf.* Duguit, *Law in the Modern State*, Chap. ii.
[3] Tawney, *The Sickness of an Acquisitive Society* (London, 1920).

society, furnishing a new instance of the Medievalist background of Guild Socialism. One of Mr. Penty's later works also reflects this same attitude towards the feudal régime.[4]

2. *Mr. Cole's and Mr. Hobson's political theories* have been the subject of an animated, yet friendly, dispute between these two leaders of Guild thought. This controversy, which has been carried on in the columns of *The New Age,* and in the recent writings of the two men,[5] has served to define sharply the two political theories which Guildsmen hold to-day. Mr. Hobson and his group adhere to a theory of State sovereignty, in which, however, the State allocates, but does not perform functions. Mr. Cole and his followers, on the contrary, completely deny the sovereignty of the State, and go so far as to hope for the time when the State will be only a relatively insignificant survival of the present "great Leviathan," being replaced by a "commune" composed of a congeries of functional bodies.[6] Mr. Cole's theory seems to have gained the larger number of supporters.

3. *J. M. Paton's theory of Encroaching Control* constitutes a distinctive Guild Socialist policy for transition "towards National Guilds." It consists essentially in the gradual pushing out of the employer from the control of industry, through aggressive trade-union action. As a former trade unionist, experienced in the "shop-steward's" and "Collective" Contract movements, Mr. Paton was able to formulate this theory in a way that made the Guild propaganda particularly attractive to the militant trade unionists who came to the front in 1917-1919.

[4] Penty, *A Guildsman's Interpretation of History,* p. 50.

[5] *Cf. The New Age,* 1918-1919, *passim.* Hobson's articles have been reprinted in Hobson, *National Guilds and the State* (London, 1919). The best account of Mr. Cole's original theory is Cole, *Self-Government in Industry* (London, 1917), first edition. His later position is sketched in the introduction to the 1919 edition of the same work. His present theory is expressed in Cole, *Social Theory* (New York, 1920), *passim.*

[6] *Cf.* Cole, *Guild Socialism Re-Stated* (London, 1920), p. 155.

Guildsmen generally agree that Paton's sudden death in March, 1920, shortly after his engagement as organizing secretary of the National Guilds League, deprived the Guild Movement of a fertile and constructive thinker.[7]

4. *The Douglas-Orage Credit Scheme* is the latest addition to Guild theory, and has provoked wide discussion and not a little dissension. Like many other significant features in Guild thought, it has been developed in the columns of *The New Age* under the editorship of Mr. Orage. Attracted by some articles in *The English Review*,[8] Mr. Orage induced the author of them, Major C. H. Douglas, an engineering expert of some note, to begin writing for *The New Age*. The result has been a series of articles which have subsequently been reprinted in book form under the titles *Economic Democracy and Credit Power and Democracy*.[9] Their general thesis is that industrial democracy can never be realized so long as "finance" remains untouched, and that it is not so important that the *administration* of industry be entrusted to the workers as that the *control* of credit-power be taken over by the consumer. The practical measures for bringing about communalization of credit include the establishment of "labour banks," with power to issue currency, and the fixing of prices based on a fraction of factory cost corresponding to the ratio of consumption to production. Further discussion of the Credit Scheme, and of the controversy which it has provoked, will be undertaken elsewhere. At this point it need only be said that it is far from receiving unanimous approval amongst Guildsmen, and that, if accepted, it will

[7] *Cf.* "The League, *The Guildsman*, April, 1920. *Cf.* Paton, "Freedom in Industry," *The Survey* (New York), June 12 and 26, 1920.

[8] Douglas, "The Pyramid of Power," *The English Review* (London), January, February, 1919.

[9] Douglas, *Economic Democracy* (London, 1920), and Douglas and Orage, *Credit Power and Democracy* (London, 1920). The articles are to be found in *The New Age*, 1919-1921.

profoundly alter Guild Socialist thought in many important respects.

II. The Propaganda of the Guild Idea

Modifications in Guild theories have not hindered persistent and effective propaganda work. There have been three principal agencies for the dissemination of Guild doctrines: (1) the National Guilds League; (2) *The New Age;* and (3) guild literature.

1. *The National Guilds League* has been the official source of missionary endeavor on behalf of the Guild Idea. An estimate of its effectiveness is difficult, yet relative to the limited scope of its activities necessitated by lack of funds,[11] its success seems to have been considerable. The progress of an organization may be roughly gauged by the size and quality of its membership, by the number of meetings it holds, and by the literature it issues. In all these respects, the showing of the National Guilds League has been creditable.

Its membership has never been large. In January, 1921, it was "something over 500."[12] Considering the youth of the League, and the fact that most of its potential members must have been under arms or engaged in war activities for three out of its six years of existence, such a numerical strength for a purely propagandist body gives it considerable standing.[13] As a non-political body, it could never expect a large number of members, and, in fact, does not desire them.[14] In one direction the National Guilds League

[11] It should be remembered that the first three years of its activities were "war years" when the raising of funds for socialist propaganda must have been an almost impossible task.

[12] "The League," *The Guildsman*, January, 1921.

[13] The Fabian Society, at the highwater mark of its popularity (1909) had 2,462 members, and, in 1904, twenty years after its organization, had only 730. Pease, *History of the Fabian Society*, p. 185.

[14] "The League," *The Guildsman*, June, 1920.

has, however, largely failed in recruitment of members, and that is in "the provinces." Three-fifths of the membership is in London, and the organized life of the League centers in London, there being only a handful of active groups outside the metropolis.[15] Moreover, the control of the League's policy appears to be dominated largely by London.[16] This concentration of membership and control in London is natural, and is similar to the Fabian experience,[17] but with an organization like the National Guilds League, it constitutes a real weakness. For, unlike the Fabians, the Guildsmen do not seek to permeate the middle classes. On the contrary, the Guilds League "has directed its propaganda towards the trade union world."[18] Now the heart of the "trade union world" is *not* in London, but in "the provinces," especially the northern provinces. Accordingly, so long as the center of gravity in the National Guilds League remains in London, that organization will fail effectually to permeate that portion of the British population it must win over, if it is finally to succeed. It cannot at one and the same time remain an association recruited and directed chiefly from London, and convert "the trade union world" to its principles. A further weakness resulting from this circumstance is the danger of getting so out of touch with the laboring classes as to make its propaganda unsuited to their needs and their ways of thinking.

The quality of the membership has been high. It has consisted mostly of young and energetic men and women,[19]

[15] Less than eight groups in July, 1920. *Cf.* "The League," *The Guildsman*, July, 1920.

[16] "The Annual Conference of 1920," *The Guildsman*, June, 1920.

[17] Pease, *History of the Fabian Society*, pp. 191-193.

[18] Cole, in *Monthly Labour Review* (Washington), December, 1919, p. 27.

[19] At the Fabian Summer School in 1920, a week was devoted to Guild Socialism. The Guild Socialists there appeared to average about thirty years.

drawn from the middle classes and the trade unions, with a generous leavening of veterans of labor and Socialist agitation, such as Mr. S. G. Hobson and Rev. P. E. T. Widdrington. Like the Fabian Society before it, the League has never lacked effective writers and speakers. Like the Fabian Society, also, it has attracted a goodly proportion of distinguished men and women.[20]

In meetings held, and lectures given, the National Guilds League appears to have been remarkably active. In one month,[21] twenty-six lectures in various parts of England, by members of the National Guilds League, were reported in *The Guildsman,* and in another number of the same journal the General Secretary complains that "speakers, particularly for small meetings," are demanded in greater quantity than can be supplied.[22] In addition, the League conducts formal lecture courses in large, centrally located halls in London, at which the most distinguished speakers possible are secured.[23] There is also a "propaganda committee" in London.[24] There seems, however, to have been a falling off in meetings held since the death of J. M. Paton, the organizing secretary, in 1920, and the failure of the League to secure a successor.

The output of literature by the National Guilds League has been reasonably large. There were, in July, 1921, seventeen pamphlets and three leaflets in print and two pamphlets out of print. The Fabian Society issued twenty-two "tracts" during the first six years of its existence,[25] and considering that the Guild Socialist organization began

[20] For example, Mr. R. H. Tawney, Mr. Frank Hodges, B. and M. B. Hammond, Mr. Norman Angell, Mr. George Lansbury, Father Paul Bull of the Church of England Community of the Resurrection, Mr. H. N. Brailsford and Mr. Bertrand Russell.

[21] March, 1920.

[22] "The League," *The Guildsman,* June, 1920.

[23] One series in the fall of 1920; another in the winter 1920-1921.

[24] "The League," *The Guildsman,* February, 1921.

[25] Pease, *History of the Fabian Society,* Appendix v.

tions in six years.[29] The total effectiveness of this large, well-written and extensively read literature must have been very great. It is probably the works of these various Guildsmen to which the Guild Idea owes much of the wide currency it now enjoys, and, in all likelihood, will enjoy for some time.

III. The Diffusion of the Guild Idea

The energetic activity of the National Guilds League, and the large output of propaganda, both in periodical and book form, have assured the Guildsmen a large audience for their theories. To how great an extent their audience has assimilated these ideas, must, however, for several years remain largely problematical. Nevertheless, certain information is available suggestive of the diffusion of the Guild Idea among (1) British Trade Unionists; (2) other British socialist schools; and (3) outside of England.

1. *British trade unionists* have not responded as unanimously to Guild Socialist teachings as the Guildsmen might, perhaps, desire. Nevertheless, it is clear that organized labor in England, especially in its more "advanced" sections, has taken Guild Socialist ideas very seriously.

An account of the progress of Guild Socialism in this direction must be preceded by a statement of the tendencies of English labor since 1912. In general, it may be said that the "unrest" characterizing the working classes in 1912 continued steadily to increase in intensity, until the recent disastrous coal strike of 1921. There was, it is true, an official "truce" during the war, marked by a voluntary agreement on the part of the trade union leaders to suspend their union rules, in the interests of increased production.[30] It is also true that the Munitions of War

[29] Cole, *The World of Labour*, 1913, 1915, 1916, 1917, 1919.
[30] Slater, *The Making of Modern England*, p. 354.

Act, passed in 1915, practically forbade the worker to strike, or even to change his place of employment.[31] Nevertheless, there soon developed a "rank and file" movement of revolt against both the government's regulations and the official trade union leaders, leading to a number of spontaneous strikes. The most important were the Clyde ship-yards strikes in 1915, an engineering strike involving 200,000 work people, a mining strike involving 125,000 workers in 1917,[32] and shipbuilding, textile, and coal strikes in 1918. In fact, the year 1918 showed the largest number of strikes on record excepting 1913, involving the greatest number of work people on record since 1912.[33]

As the bulk of these strikes were illegal, both from the governmental and trade union viewpoint, their leadership fell into the hands of a younger group of leaders—mostly "rank and file" members of trade union local branches—definitely revolutionary in temper. They came to be known as "shop stewards," and the spontaneous strike movement as the Shop Steward Movement.[34] Their ideas were tinged with Syndicalism, especially the industrial unionist principles of the American "I. W. W." and the "workers' control" ideas of the French Syndicalists.[35]

Another significant step by the English trade unionists was the formation, in 1914, of the "Triple Industrial Alliance" by the Miners' Federation, Transport Workers, and National Union of Railwaymen, pledging each union to com-

[31] *Cf.* Cole, *Labour in War Time* (London, 1915), Chap. iii.

[32] *The Labour Gazette*, January, 1918, p. 6.

[33] In 1918, 1,100,000; 1912, 1,500,000; *The Labour Gazette*, January, 1919, p. 4.

[34] A shop steward is a delegate elected by the workers in a shop to deal with the employer. As British trade unions are organized on the basis of *residence*, not of employment, the shop steward may be independent of, and in conflict with, the official trade union hierarchy.

[35] *Cf.* articles on "The Shop Stewards' and Workers' Committee Movements," by J. T. Murphy in Gleason, *What the Workers Want* (New York, 1920), pp. 184-211.

mon action, if all should desire it. The obvious revolutionary potentialities of an organization which could threaten the entire English nation with starvation by cutting off fuel and transportation were readily perceived by the promoters of the Triple Alliance and by the labor world.[36]

Finally, since the European War, English labor has become increasingly restive, having upset the industrial life of the country in two great coal strikes (1920 and 1921), and a great railway strike (1919). The "Triple Alliance" went to pieces in the 1921 coal strike, however, and since that time the English worker appears to have been "definitely on the defensive."[37] The industrial depression and unemployment of 1920-1921 have undoubtedly served to discourage the militancy of the British working classes.[38]

It was to a trade-union world, stirred by such a spirit of discontent as to bring about the events just described, that the Guild Socialists offered their propaganda. In certain cases the appeal of the Guild Idea to those revolutionary trade unionists seems to have been very great. This applies particularly to the Shop Stewards' Movement which, as has been seen, was reaching after much the same ideals as the Guildsmen—namely industrial unionism, workers' control, and industrial action. At least one of the participants in the Glasgow strike movement, J. M. Paton, subsequently became an official of the National Guilds League. Another more prominent Shop Steward leader, Mr. W. Gallacher, was sufficiently sympathetic to the Guild idea to address one of the League's open meetings on the subject "What I think of National Guilds."[39] The Guilds-

[36] *Cf.* Carter, *The Triple Alliance* (Huddersfield, 1917).

[37] *Cf.* editorials in *The Guildsman*, March-July, 1921.

[38] Work people to the number of 3,289,000 received unemployment doles from the government in May, 1920; the total number of unemployed was probably much larger. *Labour Gazette*, June, 1921.

[39] November 10, 1920.

men have sought to divert the Shop Stewards' idea towards Guild Socialism,[40] and that their efforts have succeeded in attracting a considerable number of those interested in that movement is suggested by the fact that a provincial branch of the National Guilds League requested a conference on one of the Shop Stewards' shibboleths, "the one big union."[41]

The relationship between the Guild propaganda and the other radical trade union activities is not quite so direct. Nevertheless, it is clear that in the preaching of militant industrial action, looking to the overthrow of the wage system and the taking over of industry by the workers, the Guildsmen have found disciples among the younger trade union leaders. The most notable example of this tendency is the recently proposed nationalization scheme for the Miners' Federation of Great Britain. Mr. Frank Hodges, secretary of the Miners' Federation, was until recently a member of the "Executive" of the National Guilds League, and the bill which the miners proposed was drawn up with the aid of Messrs. W. Straker and H. H. Slesser, both Guildsmen. Mr. Hodges declares the miners' plan to be "near . . . to a concept of Guild Socialism" and "an attempt to establish it."[42]

Another trade union which has formally declared itself in favor of the National Guilds is the Union of Post Office Workers, which adopted, in the spring of 1921, a resolution declaring for "the organization of Post Office workers into a comprehensive industrial union, with a view to the service being ultimately conducted and managed as the National Guild.[43] The National Union of Teachers has also adopted

[40] *Cf.* Reckitt and Bechhofer, *The Meaning of National Guilds* (first edition), pp. 142-149.

[41] "The League," *The Guildsman*, August, 1920.

[42] Hodges, "Workers' Control" in Gleason, *What the Workers Want*, pp. 169-183.

[43] "Guilds at Home and Abroad," *The Guildsman*, May and June, 1921.

a "Guild Resolution," and Mr. Cole claims that the influence of the Guild Socialist is felt in the railway industry.[44]

It may, of course, be claimed that in many instances, particularly in the case of the miners, adherence to Guild Socialism has merely been incidental to a revolutionary movement ascribable to other factors than Guild propaganda. The Guildsmen would undoubtedly cheerfully acquiesce in this opinion. They claim as one of the virtues of their theory that it is going "with the grain" of contemporary labor movements. It seems safe to say, at the very least, that Guild Socialism has been definitely embraced by certain of the more radical trade unions, and that it has established a sufficiently broad point of contact with others to make its further spread among the laboring classes highly probable.

2. *Other British Socialist schools* have shown the influence of Guild Socialism to some degree. The most noteworthy example of a *rapprochement* between the Guild Idea and other Socialist ideas is furnished by Fabian Collectivism. At the outset of their activities the Guildsmen placed themselves in definite opposition to the Fabians. The Fabians have responded, not, to be sure, by abandoning their position, but by taking cognizance of Guild Socialism, and have modified their theories in the endeavor to meet the demands of the Guildsmen. This disposition is manifest in Sidney and Beatrice Webb's *Constitution for a Socialist Commonwealth of Great Britain*, where special provision is made for "vocational administration of industries and services," and for giving to the "principal officers" and "the vocations to which the bulk of the employees belonged," the majority of representatives

[44] Cole, *Monthly Labor Review*, December, 1919, pp. 27ff.

on the "National Boards" controlling each industry.[45] A more definite indication of the Fabian Society's respect for the insurgents, whom it so thoroughly "squelched" only six years ago, is the fact that it has published a clearly Guild Socialist book,[46] and, in 1920, devoted a week of its Summer School to the subject of Guild Socialism.

Recently, the Independent Labor Party has been tending towards Guild Socialism. A recent "Report on Program" contains provision for representation of "producers and consumers" on socialized industries, and declares that "the internal management of each industry must be in the hands of the workers."[47]

A very much smaller, yet influential Socialist group, which seems to have come almost entirely to the Guild Socialist position, is The Church Socialist League. This organization is composed chiefly of clergy and laity of the Church of England, and represents a full development of the social implications of the religious Medievalist reaction.[48] The membership of the Church Socialist League appears generally committed to the Guild Idea, and many of its prominent members are also leaders in the Guild Movement.[49] Some idea of the weight this body has carried in disseminating Guild principles in the Church of England may be gained by observing the remarkable parallelism which such official declarations as *Archbishop's Report on Industrial Relations* and the *Lam-*

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[45] Webb, *A Constitution for a Socialist Commonwealth of Great Britain* (London, 1920), pp. 176-177, 304ff.

[46] Tawney, *The Sickness of an Acquisitive Society.*

[47] "Guilds at Home and Abroad," *The Guildsman*, December, 1920.

[48] Widdrington, "The Rock Whence Ye Were Hewn," and Bull, "Catholicism and Socialism," *The Church Socialist*, July-August, 1920.

[49] Messrs. Penty, Tawney, Reckitt, Slesser, Father Paul Bull, Rev. P. E. T. Widdrington.

beth Conference of Anglican Bishops show to the statements of the Guild Idea.[50]

On the other hand, one radical group has declared itself definitely opposed to the Guild Idea. This is the "Neo-Marxian" school, which supports the "Plebs League." Exponents of this school condemn Guild Socialism as "a bureaucratic variation of Collectivism intended to perpetuate the authority of the middle class."[51]

Other socialist bodies do not seem to have been particularly affected by the National Guildsmen. On the one hand, the Labor Party has been committed to a Collectivist policy.[52] On the other hand, that party and other organizations have been so preoccupied with such questions as "pacifism or patriotism," "direct action," and, most of all, support of "the Russian Soviet Republic" and adherence to The Third Internationale, that consideration of such a relatively abstract subject as National Guilds has been impossible.[53] That this urgent question of Socialist *tactics* as distinguished from Socialist *theory* has come to overshadow the Guild Movement itself will be seen in the concluding portion of this chapter.

The reception given the Guild Idea by British radicalism continues, then, "mixed." The more thoughtful groups appear appreciably to have been affected by it. The rest have been too preoccupied in the immediacy of the "class war," or too much under the ægis of the Collectivists to give it serious attention.

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[50] Archbishop's Fifth Committee of Enquiry, *Christianity and Industrial Problems* (London, 1919), *passim*. Mr. Tawney is said to have helped in the preparation of this report.
Conference of Bishops of the Anglican Communion (London, 1920), pp. 68-69.

[51] Penty, *Guilds and the Social Crisis*, p. 78. *Cf.* also Cole, *Labour in the Commonwealth*, Chap. ix ("Proletarianism").

[52] *Cf.* British Labor Party, *Labour and the New Social Order* (London, 1918), *passim*.

[53] *Cf.* Gleason, *What the Workers Want*, Sec. 2, Chaps. iv and v; Beer, *History of British Socialism*, Vol. II, Chaps. xx, xxi.

2, *Outside of England,* also, the Guild Idea has made itself felt, although in what way, and to what extent, it is difficult to say.

In the United States there has been widespread discussion in middle-class and academic "liberal" circles. For example, references were made to the Guild Idea in the presidential address at the 1920 session of the American Economic Association.[54] The works of the Guildsmen have, moreover, enjoyed a fairly large degree of popularity, many of them having been brought out in American editions.

There have, besides, been a fairly large number of magazine articles referring to Guild Socialism.[55] On the other hand, aside from one pamphlet[56] and a few chapters in general discussions of the labor problem,[57] no American author has made any independent contribution to Guild Socialist literature. There seems also to be little attention to the Guild Idea among the working classes, and it is doubtful whether the average American trade unionist has ever heard of Guild Socialism. There has been one small attempt at the establishment of a Building Guild in Boston.[58] It is true that the "Plumb Plan" for the railroads and other industries bears some resemblance to Guild Socialism, but none of the literature of that movement makes any reference to the Guildsmen, and an official Guild reference to it pronounces it "a disappointing document from the Guild standpoint."[59] On the whole, then, Guild So-

[54] Davenport, "The Post-War Outlook," *American Economic Review* (New Haven), March, 1921.

[55] Nine articles in 1919, nine in 1920, and eight in 1921.

[56] Tead, *Building Guilds in Great Britain.*

[57] Brooks, *Labor's Challenge to the Social Order* (New York, 1920), Chap. xxi. Bloomfield, *Selected Articles on Modern Industrial Problems* (New York, 1919) pp. 153-167. Gleason, *What the Workers Want* (New York, 1920), Chap. i, Sec. 4. Laidler, *Socialism in Thought and Action* (New York, 1920), pp. 170-177.

[58] One house was built.

[59] References in this section, unless otherwise noted, are from "Guilds at Home and Abroad," in *The Guildsman* and *Guild Socialist,* November, 1919, to June, 1922.

cialism in the United States has not proceeded much beyond the stage it had reached in England in 1912—discussion among the "intelligentsia."

Canada presents much the same situation. In Toronto there has been one unsuccessful attempt to emulate the Building Guild movement.

Other self-governing dominions, however, indicate a wide extension of Guild principles. In South Africa, a National Guilds League of South Africa was organized in December, 1919. In Australia, a labor paper was able to say early in 1920 that "the National Guilds idea is now fairly familiar to most of our readers," while a Building Guild was mooted in Auckland, New Zealand, during the summer of the same year. Early in 1921 *The Guildsman* reported that "labour journals in America, Australia, and New Zealand, as well as on the Continent of Europe, continue to notice the progress of the (Building Guild) Movement," and a Melbourne labor paper reprinted an article on Building Guilds from *The Guildsman.* A Guild Socialist journal, *The New Zealand Guildsman,* has also been launched.[60] The Douglas-Orage Scheme, also, has become sufficiently well known to cause the adoption of Major Douglas's books as assigned reading at Sidney University.[61]

Australia seems to be following Guild principles in other respects. The Collective contract, advocated by Guildsmen as a device for "encroaching control," has been adopted by certain port workers, and, in June, 1921, the All-Australian Trade Union Congress adopted a resolution considered by the *Guild Socialist* to embody "recognition of the fundamental Guild idea."

Whether contact between Australia and Japan is re-

[60] Interview with G. D. H. Cole.
[61] "Towards National Guilds," *The New Age,* May 5, 1921.

sponsible for the spread of Guild Socialism in the latter country is problematical. However, there is a vigorous Guild Movement in Japan, supporting a Japanese National Guilds League. The Oriental Guildsmen have also translated several Guild Socialist books and pamphlets, and published a Guild Socialist book of their own. It may be remarked that such incidents denote a very advanced revolutionary temper in Japanese labor.

Also nearer home, the Guild Socialists have found disciples on the European Continent. It should never be forgotten that, in all continental Europe, an atmosphere favorable to the Guild Idea has been created by the Social Catholic movement. Pope Leo XIII explicity recommended the revival of "Artificers' Guilds" and justified trade-unions largely because of their similarity to Medieval Gilds.[62] It is not to be wondered, therefore, that Roman Catholic reformers since his day should have striven constantly for the development of "trade guilds."[63] There is little evidence that their efforts ever achieved any measurable success, but their propaganda must have had some part in preparing the minds of continental labor leaders for the doctrines of Guild Socialism.

The relations with France are of interest, since French Syndicalism has had some part in the formation of the Guild Idea. In the spring of 1920, the Economic Council of Labor of the French *Confederation Générale du Travail* issued a rather vague statement regarding Guild Socialism, to the effect that it "does not realize the workers' conception." Nevertheless, much of the newer Syndicalist theory shows the influence of Guild Socialism, particularly in the abandonment of the original Syndicalist ideal of ex-

[62] Leo XIII, *Rerum Novarum, Graves and Communi* (Rome, 1891 and 1901), *passim.*

[63] Moon, *The Labour Problem and the Social Catholic Movement in France* (New York, 1921), pp. 384, 390-399.

clusive producers' control for one contemplating coöperation with representatives of the community and of the consumers. *The Guildsman,* however, criticizes the new proposals severely. It may be that there has been an appreciable interchange of ideas between Guild Socialists and French Syndicalists, but that in the efforts to keep their respective doctrines distinctive, neither has shown a willingness to concede so great a similarity of thought with the other as exists.[64]

The situation is different in Central Europe. Mr. Cole has been "in correspondence with German, Austrian, and Hungarian leaders concerning the spread of the Guild Socialist Movement in their various countries." Trade union and Socialist journals in those countries contain "stacks of articles on Guild Socialism," and Guild literature has been translated into German. At the first meeting of the German Economic Parliament, Dr. Hilferding, editor of *Die Freiheit* and a leader of the radical Independent Labor Party, "paid an interesting tribute to the services of the English writers on National Guilds."[65] Also, certain German producers' coöperative societies have adopted the name "Guilds" in evident imitation of the English Building Guilds, while in Austria a "Builders' and Civic Improvers' Guild" has been founded.[66]

It may be that news of the English Guild Movement has reached Russia *via* Germany. At any rate, M. Lenin is reported to have made inquiries concerning Guild Socialism and to have asked for Guild literature.[67]

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[64] The writer was informed in an interview with M. Hormel, an official of the French "C. G. T.," that Guild theories were closely studied by the French Syndicalists.

[65] Young, "British Guild Socialism and the German Revolution," *The Guildsman,* November, 1920.

[66] Neurath, "The Austrian Builders' and Civic Improvers' Guild," *The Guild Socialist,* February, 1922, and Mosbacher, "The Building Guild Movement in Germany," *The Guild Socialist,* May, 1922.

[67] Interviews with Mr. G. D. H. Cole and Mr. A. J. Penty.

The Italian labor movement does not appear to have been very much affected by the Guilds' Movement. The radical trade union and agricultural workers' movements in Italy have had much in common with the Guild Idea, but their theories seem to have been worked out "without any conscious contact with the Guild Idea."[68] It would seem that a radical trade union movement in any country to-day proceeds along lines similar to those pursued by the Guildsmen in England, stimulated, perhaps, by an interchange of views, but largely independent. Nevertheless, both the British Mining Scheme and Building Guild Movement have been discussed in Italian labor and coöperative papers, and Mr. Penty's *Guilds, Trade and Agriculture* has been translated into Italian.

The mere recital of the names of these various countries is impressive: United States, Canada, Australia, New Zealand, South Africa, Japan, Russia, France, Germany, Hungary, Italy. In all of these Guild Socialism has been discussed; in some of them its propaganda has been copied, and its experiments imitated.

As just suggested, it is more than likely that certain constituent elements of the Guild Idea, such as workers' control and industrial action, come to the mind of radical trade unionists in any highly industrialized country, and that Guild Socialism has served largely as a suitable formulation for ideas already current. Yet, this situation, if so, simply substantiates the contention of the Guildsmen as to the vitality and universality of their theories, for the Guildsmen count it a virtue of their theory that it goes "with the grain" of contemporary tendencies in labor; that it points out to the working classes the course towards which they are groping and along which, the Guildsmen believe, they must go in their quest for emancipation.

[68] *Cf.* Por, "A National Building Guild in Italy," *The Guild Socialist*, April, 1922.

IV. Propaganda by Experimentation

One very important feature of the progress of Guild Socialism has not yet received attention. This is the trial of the Guild Idea through the establishment of Guilds. The movement has reached its largest development in the creation of Building Guilds.

The Building Guilds owe their existence largely to the work of one of the pioneer Guildsmen, Mr. S. G. Hobson. Messrs. Penty and Malcolm Sparkes have also had a prominent part in their creation. Taking advantage of the acute housing shortage in England and of the large, national grants to local authorities for housing in England, Mr. Hobson induced the Building Trades Union of the Manchester area to bid for the contracts being let by the authorities of Manchester and adjacent communities for the construction of housing projects. There were obvious advantages from both sides. The Building Guilds could guarantee an adequate and steady supply of efficient labor, there being no motive to strike, or to "soldier on the job," with the "profiteering" private contractor eliminated. They could also afford to bid without including in their estimates the ordinary charges for "profit." The workers gained the opportunity of proving to themselves and others their ability to carry on industry without the supervention of private "capitalistic" employers. There was also the practical consideration that the Building Guilds proposed to adopt the Guild Socialist policy of "maintenance," that is, to pay the standard rates, when the worker was kept unemployed by bad weather and the like. Mr. Hobson's proposal met with enthusiastic response on the part of the trade unions, and many more men offered to join the Building Guilds than could be utilized. The Manchester Building Guild was the earliest organized. Another was started in London, largely as a result of the efforts of Messrs.

Penty and Sparkes. Mr. Sparkes had been previously concerned in an attempt to bring employers and employees in the building industry together in an arrangement cast on Guild lines, but had been unable to secure the coöperation of the employers beyond the formation of a "Building Trades Parliament."[69]

Later, a National Guild of Builders was established, its principal object being to "organize the supply and manufacture of materials, and to conduct other services requiring centralization," leaving to the local guilds practically complete autonomy over building operations, with "rank-and-file" control. The Building Guilds take in the technical and managerial staffs, in conformity with Guild principles, the London Guild including an "Architects' and Surveyors' Assistants Professional Union," of which Mr. Penty is chairman.

The Guildsmen's objection to "profiteering" has been given practical expression, provision being made for turning surplus-earnings back into the industry.

"There is to be complete publicity of accounts; cost accounting is to be actively carried on for all operations; surplus-earnings, after providing for unemployment pay, for the interest upon any loans according to the rates respectively agreed to be paid, *shall under no circumstances be distributed as dividends,* but shall be applied as follows:

1. In the reduction of the preliminary expenses incurred in forming the Society, and remaining unwritten off in its books, at such rate, being not less than 5 per cent per annum as the Society may from time to time direct.

[69] Tead, *Building Guilds in Great Britain* (New York, 1921), *passim.* Reckitt and Bechhofer, *The Meaning of National Guilds* (second edition), pp. 271-288. *Cf.* also "Guilds at Home and Abroad" and "Building Guild Notes," *The Guildsman and Guild Socialist,* 1920-1922; *The Industrial Council for the Building Industry,* London, 1919; and *An Industry Cleared for Action,* London, 1920; Bing, "British Building Guilds," *The Survey,* October 29, 1921; Cox, "English Building Guilds," *Journal of Political Economy,* December, 1921.

2. In providing additional buildings, plant, and equipment.
3. In providing a reserve fund.
4. In further improvements of the Society's service, by means of education, technical training, and research.
5. And for any other purpose as the Society may determine." [70]

Various local authorities appeared willing to encourage the experiment, the guarantee of "willing" labor being very attractive. The elimination of "profits" and the expectation of greater individual output than the private contractors could expect also enabled the Building Guilds heavily to underbid their competitors.[71]

Nevertheless, there were troublesome problems. The first was the attitude taken by the Ministry of Health, which authorized the grants to the local authorities for housing projects. The Ministry insisted on the payment of a "performance guarantee," but the Building Guilds demurred, on the ground that their guarantee was in terms of *labor-power*, not of *money*. A compromise was finally reached through the underwriting of the guarantee by the Insurance Department of the Coöperative Wholesale Society—a working class organization, be it noted.

Further difficulty arose in the question of advances for raw materials and wages, since the Building Guilds were, very literally, "non-capitalist." The problem of raising capital is, of course, one of the knottiest which any Socialist experiment must face, and the whole question of capital provision constitutes a major point of criticism of Socialist theories. The difficulty was met by the Guildsmen through two expedients. First of all, they borrowed money from the Coöperative Wholesale Society, *at a rate of interest.*[72]

[70] Tead, *Building Guilds in Great Britain*, p. 9. (Italics not in original.)

[71] In London, the Building Guild bid of £950 per house was £100 below any other bid. Tead, *Building Guilds in Great Britain*, p. 11.

[72] This statement is based on an interview with Mr. S. G. Hobson, in Manchester, July 29, 1920.

Recently, they have put out a loan of £150,000 at 3¾ per cent, quite on "capitalistic" lines.[73] This involves, of course, a concession to the "capitalist" insistence on the necessity of interest, but the Guildsmen consider it only a temporary expedient, necessary to the conduct of any business in the present industrial régime. In the second place, they induced the local authorities to advance payments on work done on a "week-to-week" basis, much as was occasionally done in the case of war contracts in both this country and England.

Other exasperating and disheartening delays have been experienced, mainly through hesitancy on the part of the Ministry of Health to approve contracts. The Guildsmen have, indeed, hinted broadly that the government was none too eager to see the Building Guilds succeed, and has, in one case, spoken of a "war of extermination on the Building Guilds."[74]

Nevertheless, despite difficulties and recriminations, the Building Guilds have successfully withstood the decisive test of their practicability: *they are building houses satisfactory to their customers, at a fair return to their members, in open competition with private builders.*

The following figures convey some idea of the magnitude of the Building Guild Movement:

ALL ENGLAND—DECEMBER, 1920

	Number of Contracts	Number of Houses
Houses under construction.....	8	980
Contracts accepted and sanctioned..	3	605
Contracts accepted and awaiting sanction	*13	1,020
	24	2,605 †

* Including a hospital.
† "Guilds at Home and Abroad," *The Guildsman*, December, 1920.

[73] *The Guild Socialist*, January, 1922.

[74] "Building Guild Notes," *The Guild Socialist*, May and July, 1921. "Guilds at Home and Abroad," *The Guildsman*, March and June, 1921. *Cf.* also Hobson, "The Immediate Future of the Guild," *The Guild Socialist*, December, 1921.

London Guild of Builders

Profit and Loss Account for Year Ending March 31, 1921

Dr.	£	s.	d.
To Registration Fees	6	0	0
To Cost of Opening Ceremony at Walthamstow	43	18	0
To Salaries	1,248	8	11
To Stationery, Postage, Rent and Sundries	982	4	8
To Directors' Fees and Sub-committees	117	5	2
To Expenses *re* National Guild	68	8	4
To Grants in Area Committees	120	0	0
To Literature, Leaflets, etc.	214	2	4
To Legal Expenses	10	10	0
To Depreciation of Plant, etc.	242	9	10
Total	3,053	7	3

Cr.	£	s.	d.	£	s.	d.
By Gross Profit brought from Working Account						
Contract Fee Account	2,384	16	5			
Continuous Pay Account	241	11	7			
				2,626	8	0
" Sale of Literature				153	17	
" Discounts Received (own account)				174	13	0
" Bank Interest and Agency Commission				49	15	
" Gift				4	15	0
" Loss on Year's Transactions				43	18	3
				3,053	7	3*

* The statement for the year ending March 31, 1922, shows a profit more than offsetting this loss.

LONDON GUILD OF BUILDERS

Operations as of September 30, 1921	£
Salaried Staff	38
Operatives	1,010
Pay Roll per Week	4,000
Plant and Equipment	9,854
Contracts on hand	600,000
Houses Completed	100
Paid out in Continuous Pay:*	
Bad Weather	24
Sickness	243
Accidents	80
Holidays	2,061
Paid out in Wages	96,000†

* "Maintenance."
† Pamphlet, *The Building Guild in London* (London, 1921).

One contract of three hundred and eighty houses, at £950 per house has been completed, and accepted as "satisfactory from every point of view," the local authorities, who are "not a Labour body" being "quite satisfied" to the extent of joining with "the Guild . . . in celebrating the completion of its houses at a special gathering on the site."[75]

Recently, the Building Guilds have joined hands to establish a National Guild, with permanent offices in "Guild House," Russell Square, London. The National Building Guild is planning to put up its own "joinery" works and to bid for private, as well as public contracts.[76] A monthly magazine, *The Building Guildsman,* was instituted in December, 1921.[77] A Building Guild has also been established in Ireland.

The Building Guilds have, however, trying times ahead

[75] "Building Guild Notes," *The Guild Socialist,* July, 1921.
[76] *The Building Guild in London* (a pamphlet).
[77] "Building Guild Notes," *The Guild Socialist.*

of them.[78] The British government has precipitately withdrawn from its policy of subsidizing local housing schemes, thus cutting the Guilds off from their most favorable markets.[79] Moreover, opposition to the Guild form of contract has been bitter.[80] Finally, financial difficulties have become increasingly serious, and it is in the attempt to overcome them that the previously mentioned £150,000 loan on "capitalistic" lines has been launched. There is no doubt but that the next few months will put those experimental Guilds to a most severe test.

At all events, the Building Guilds have given considerable impetus to the Guild Socialist propaganda. It has also stimulated similar activities in other industries in England. Thus a House Furnishing Guild and a "Guild of Clothiers" have begun operations,[81] while an Agricultural Guild has been instituted, in conjunction with a coöperatively organized "Garden City" at Welwyn, in Hertfordshire. This experiment is most significant, as it provides an opportunity for working out the Guild Socialist ideal of a "commune" of coöperatively associated consumers and producers.[82] More recently an Engineering Guild has been organized, and a Tailors' Guild projected.[83]

Finally, the nucleus of the "Guild Congress" projected by National Guild theories has been instituted in the shape of a National Guild Council, set up in May, 1922, by a special Guild Conference, made up of "nearly one hundred delegates from Guilds and Trade Unions, as well as the

[78] "Building Guild Notes," *The Guild Socialist*, November, 1921.
[79] *Cf. ibid.*, July, 1921.
[80] *The Building Guild in London* (a pamphlet), pp. 11 and 16.
[81] "Guilds at Home and Abroad, *The Guildsman*, June, 1921; December, 1921, and February, 1922.
[82] "The New Town Agricultural Guild, Welwyn, *The Guild Socialist*, July, 1921. *Cf.* Penty, *Guilds, Trade, and Agriculture* (London, 1921), *passim.*, and Cole, *Guild Socialism Re-Stated*, Chap. ix, ("Guild Socialism in Agriculture").
[83] "Guilds at Home and Abroad, in *The Guild Socialist*, October, 1921 and February, 1922.

National Guilds League," and presided over by the President of the National Association of Building Trade Operatives.[84]

Such events suggest that the failure of the National Guilds League to penetrate "the trade-union world" has been largely offset by the willingness of the trade unions to carry forward the Guild Idea on their own account, under the stimulation of such individual Guildsmen as Messrs. Hobson, Penty, and Sparkes. They also suggest an accelerating tendency to organize guilds, reminiscent of the enthusiasm for producers' coöperative societies of the Owenite period.[85] If further developments bear out these implications, the Guild Idea will have ceased to depend upon such agencies as the National Guilds League for its diffusion, and will have entered into the more fruitful, but more hazardous field of "propaganda by performance." Failure will give Guild Socialism a bad setback. Success holds out possibilities, in a very real sense, revolutionary.[84a]

V. Disputes Over the Present Application of the Guild Idea

This record of the progress of Guild Socialism makes it clear that the Guild *Idea* possesses features that will make it appeal to the working class mind for some time to come, but the vitality of the Guild *Movement* is not so assured. Recent controversies within the guild ranks have "half paralyzed" the National Guilds League, and deprived it of the services of many of its best known

[84] *The Guild Socialist*, May and June, 1922. The following Guilds were represented: National Building Guild, Guild of Clothiers, Furnishing Guild, Agricultural Guild. Formal affiliation was effected with the National Guilds League.

[84a] For a further account of the Building Guilds, see Appendix i.

[85] Cole, "The Builders' Guild—1834 and 1922," *The Guild Socialist*, February, 1922.

and ablest members. Whether the schisms can be healed, or whether new recruits can be secured to fill the vacancies left by those who have withdrawn are questions whose answers cannot now be given.

These disputes can be discussed as to their (1) causes, (2) progress, and (3) consequences.

1. *The causes* of the present disruption of the Guild Movement are mainly two: the Douglas-Orage Credit Scheme, and "the Soviet Resolution." There are cross-currents in addition to these, including in some measure personal differences, but the chief sources of difficulty seem to be the two just named.

The progress of the dispute over the Douglas-Orage Credit Scheme may be followed largely in the columns of *The New Age* and *The Guildsman.* As already noted, *The New Age* has been persistently advocating the adoption of the Credit Scheme since early in 1919. It has been particularly insistent upon the value of its proposals since it became apparent to all English observers that the British Mining industry had reached an *impasse* from which there seemed to be no escape other than a disastrous and wholly futile struggle, such as ultimately occurred. An "exemplary" Credit Scheme was, accordingly, drafted "for special application to the Mining Industry"—to enable "a transition to be effected from the present state of industrial chaos to a state of economic democracy with the minimum of friction and the maximum results in the general well-being." [86] With slight modifications, it was held that the scheme was applicable to other industries, but that, in view of the emergency in this particular one, it should be adopted there first. The Scheme was held "confidential" for some time, but was submitted to the "Executive" of the Miners' Federation of Great Britain, and to

[86] Douglas and Orage, *Credit Power and Democracy* (London, 1920), p. 147.

certain other prominent socialists. It was also laid before the "Executive" of the National Guilds League.[87]

In general, it was simply ignored. Presently, the backers of the scheme hinted very broadly that the neglect of their project was deliberate,[88] partly because of sinister pressure from the financial interests at which it hit, partly because of the inaccessibility of the mining "Executive" and other socialist leaders to theoretical innovations. Finally, a correspondent pointedly questioned the policy of silence which *The Guildsman* had maintained, asking, "Can it not make up its mind whether to commend or condemn, or are we to suppose a worse alternative still—that it is insusceptible to new ideas?"[89] *The Guildsman* accepted the challenge and a spirited controversy has raged ever since. Mr. Cole, Mr. Penty, and Mr. Hobson have attacked the scheme,[90] and various writers in *The Guildsman* and, of course, in *The New Age,* have defended it. The proponents of the Credit Scheme have urged: first, that it offered the only possibility of achieving a lasting revolution without violence and probable dictatorship; and second, that the entire emphasis in questions of economic democracy should relate to financial rather than workshop control. The opponents have maintained: first, that the prospect of a "revolution without tears" is a chimera; and second, that the Scheme's proposal to dispossess the capitalists by the utilization of existing financial arrangements is an abandonment of the entire socialist position. In this connection, they declare that Major Douglas's willingness to allow the "capitalist" to continue receiving dividends and, indeed, to increase the number of dividends given until the dividend

[87] *The New Age*, August 12, 1920.

[88] *Cf.* "Notes of the Week," *The New Age*, July 15 and November 11, 1920, and "Private and Confidential," August 12, 1920.

[89] H. M. M., *The Guildsman*, March, 1920.

[90] Mr. Hobson has severed his connection with *The New Age* because of his opposition to it.

becomes the normal form of income, is a surrender to the institution of "usury." Mr. Cole sums up fairly well the opinion of the Scheme's critics when he declares it to be "unworkable practically, unsound economically, and undesirable morally." He continues by declaring that "Major Douglas is in no sense a Guildsman. He is simply a distributivist—and one who believes that control should rest with the consumer . . . and not with the producer in a self-governing industrial democracy. 'Economic democracy' in the Douglas sense is the direct opposite of the industrial democracy of Guild Socialism." [91] "National Guildsman" in *The New Age* respond with equal incisiveness, "and we, who ought to know something about Guild Socialism, since not Mr. Cole, but *The New Age,* fathered it and mothered it, after having brought it into the world, while Mr. Cole was still a Fabian undergraduate at Oxford, admit Major Douglas as the completest Guildsman, deny that he is 'simply a distributivist,' and assert that his 'economic democracy' is both the end and the means of all that we have ever conceived of as 'Guild Socialism.' . . . If Mr. Cole can produce a Scheme that can promise these results within the period between to-day and the next world war, we shall listen to him attentively, and at least comprehend his case before we dismiss it with a triple curse. If, again, he can prove to its authors that these results are not identical with the results aimed at by the first National Guildsmen, and still in their mind, then we shall claim the monopoly of the present signature *National Guildsmen.*" [92]

The further progress of the controversy will be taken up below. Enough has been said here to show that the National Guildsmen have ranged themselves into two hostile camps. It is clear that there can be no substantial

[91] Cole, "Credit Power," *The Guildsman,* February, 1921.
[92] "Towards National Guilds," *The New Age,* March 24, 1921.

agreement on Guild Socialist theory until the dispute is settled.

The Dispute over "the Soviet Resolution" illustrates the extent to which English socialism has become overshadowed by the Russian Revolution. The resolution in question was proposed at the Annual Conference in May, 1920, and stated that:

This Conference, holding that the firm establishment of Guild Socialism is impossible without the supersession of the administrative and coercive machinery of the Capitalist State by forms of organisation created by, and directly expressing the will of the workers themselves, welcomes the Soviet system as a form of organisation complying with this condition. It holds, however, that the exact form of organisation required in any country cannot be determined in advance of the situation which calls it into being, and it therefore cannot affirm that the Soviet system is necessarily the best or the only form of revolutionary organisation for this country. Affirming its solidarity with the Russian Soviet Republic, it holds that the methods of applying here the common principles on which this solidarity is based may differ as widely as the conditions differ from the methods adopted in Russia. It therefore decides to appoint a special committee of five members, with power to consult other organisations which have affirmed their solidarity with the Russian Soviet Republic, for the purpose of formulating a programme of action.

The resolution was supplemented by the following:

This Conference regards the system of parliamentary government, theoretically based on the assent of the majority, as being in fact the instrument of the domination of a capitalist minority acting upon the apathy of the majority, and it looks to the economic power of the organised workers as the means of emancipation from this domination. At the same time it favours the use of the political weapon to hamper the operations of Capitalism and to educate the workers.[98]

[98] Supplement to *The Guildsman*, June, 1920.

The issue was fundamental and clear. It is summed up in a statement of one of the "left wing."

> Is the National Guilds League content to amuse itself with its box of bricks[94] or will it range itself with the revolutionaries throughout Europe who are working for an immediate revolution, *offering the Guild theory as its contribution to the building of communist society after the transference of power has taken place?*[95]

That is, was the National Guilds League ready to take its chances on the Guild Idea's being adopted by a revolution, and try, instead, to do all in its power to insure the success of that revolution, even to the extent of advocating something resembling insurrection *à la Russe?* The advocates of the resolution do not seem to have gone much further in their arguments than to state the issue in language somewhat similar to that quoted. They contented themselves by insisting that the Russian Revolution had succeeded in establishing socialism—no matter what its methods—and that it behooved good "revolutionaries" to follow their example of seizing power first, irrespective of constitutional or democratic considerations, and to discuss the use to be made of that power afterwards. They did assert that such a dictatorship as this program involved would only be temporary, and (as the resolution indicates) that there was no intention on their part to imitate closely the procedure of the Russian Bolshevists.

The "right wing"—its members strenuously objecting to being called "right"—based their opposition mainly on three arguments. They urged, first, that a violent revolution would be a calamity, and that it was, moreover, probably impossible in England. They pointed to the obvious

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[94] The Building Guilds.

[95] Wilkinson, "With the Revolutionaries," *The Guildsman*, May, 1920. (Italics not in the original.)

Cf. also, Mellor, "A Critique of Guild Socialism," *The Labour Monthly* (London), November, 1921.

horrors of a catastrophic social change in a densely populated country like England, calling especial attention to the suffering which would be entailed by the economic disorganization attendant upon it. One of the ablest opponents of the resolution spoke "as one with authority" after practical observation of the chaos in Russia, Poland, and Central Europe, and asked the "catastrophists" to "imagine two-thirds of London's seven millions swarming over the Home Counties to look for food." [96]

Again, they urged the "catastrophists" to "cease worrying about resolutions and look to their ammunition"; and to join some such organization as the recently formed Communist Party rather than the National Guilds League, whose object was to disseminate ideas and not organize insurrection.

Finally, they contended that the temporary centralization of power postulated by the advocates of the resolution would *not* be temporary but permanent, since the tendency of minorities once given power, no matter how good their intention, is "to maintain it indefinitely." This being the case, they held that the minority dictatorship implied in the resolution would be antithetical to everything for which Guild Socialism stands—would, in fact, be that most dreaded of all Guild Socialist bugbears—a Collectivist Servile State.

It would appear from the foregoing that the opposition had the better argument, but it must be remembered that all reasons for a case cannot be reduced to statement. As has been indicated, the proponents of the resolution did not depend much on argument, but relied largely on "the logic of events." It should be remembered that this de-

[96] Kenney, "Random Remarks," *The Guildsman*, October, 1920. *Cf.* also *ibid.*, "Our Faction Fight," September, 1920.

bate was carried on in a setting which seemed favorable to the "left wing." Not only was British labor at the height of the revolutionary trade unionist tide already described; it was also almost ready definitely to enter the field of political revolution. Late in the summer of 1920, the British trade unions threatened a General Strike unless the government abandoned its suspected intention of aiding Poland against the Bolshevik armies.[97] A "council of action" was formed, and local "councils" sprang up. The *Daily Herald,* the labor newspaper, paraphrased the Bolshevik slogan in a full-page headline: "All power to the Council of Action." How effective the threat was can never, perhaps, be known. It is a fact that Great Britain did *not* send troops to Poland.

Elsewhere events seemed to point to a speedy *débacle* of "capitalism." The Russian armies were generally victorious. The Italian metal workers seemed about to institute another revolution on Russian lines. And it must never be forgotten that the Irish revolutionary movement exerted a powerful influence on the British working classes, being viewed with favor by many of them.[98]

This general atmosphere of social apocalypticism was what inspired "the left wing" with much of its enthusiasm, and what it depended on largely to win support for its position.

Between these two bitterly opposed wings, a "center" advocated a middle course that might be acceptable to both. The "center" held that, whether Guildsmen desire a "catastrophic" revolution or not, they must, while "prepared for revolution if necessary, proceed with the work of consolidation of Labor forces, propaganda of the

[97] *Cf.* "Notes of the Month," *The Guildsman,* September, 1920.
[98] *Cf.* the attitude taken by *The Daily Herald,* and even the liberal *Westminster Gazette.*

Guild Idea, and piecemeal assumption of control where it can be secured without hampering conditions."[99]

2. *The progress* of these disputes over policy can be quickly described. So far as the National Guilds League is concerned, they have both been decisively disposed of, through the annual Conference of May, 1920, and a special conference of December 11-12, of the same year.

At the May Conference, the "Executive" was directed "to conduct official inquiry into Major Douglas's analysis of, and his proposals for reconstruction of the Credit System. . . ." Concurrently, however, the Conference carried "by an overwhelming majority" a resolution "that . . . a state of society *which recognizes any individual's right to receive interest on capital* is fundamentally opposed to the Guild ideal."[100] Such a resolution virtually stultified the "official inquiry," since an integral feature of the Credit Scheme is the perpetuation and the extension of the payment of dividends on capital, and certain among the "Douglasites" have held that this second resolution was designed "to prevent the adoption of the Scheme by the League as a whole."[101] The investigation of the Credit Scheme was, nevertheless, undertaken, and, at the December Conference, a report was brought in which was critical, but, on the whole, favorable. The conference voted by

[99] G. D. H. Cole, "The Communist Party and the N. G. L.," *The Guildsman*, September, 1920.

A statement of the case from the "right wing" viewpoint is Reckitt and Bechhofer, *The Meaning of National Guilds* (second edition), pp. 212-230, *The Guildsman*, April, 1920 to January, 1921, is filled with discussions of the question, especially the issue for May, 1920, in which various members state their positions. The pamphlet, *The Policy of Guild Socialism*, is an attempt to mediate between the two groups, but is considered by the "right wing" to lean unduly towards the "soviet" group.

[100] Italics not in original. Supplement to *The Guildsman*, June, 1920. Reports of the Conferences are contained in the June, 1920 and January, 1921 issues of *The Guildsman*.

[101] "Private and Confidential," *The New Age*, August 12, 1920. *Cf.* "Correspondence," *The Guildsman*, October and November, 1920.

nearly three to one to reject the report, and thus "turned down" the Scheme.

Apparently, however, the matter has not been finally disposed of. A letter from a "provincial" member of the League in the February *Guildsman* declares that "so far as this part of the provinces is concerned, at least, the vote against the Douglas Scheme does not represent our informal 'conferences' here. The Douglas Scheme has done more to revive the drooping spirits of Guildsmen than anything else of recent years." At the same time, *The New Age* has been filled with notifications of the organization of groups, many of them in "the provinces" to discuss and disseminate the principles of the Credit Scheme, and the *Guild Socialist* for July, 1921, contains a letter asking members of the National Guilds League to participate in a recently established London group. Discussion of the Douglas-Orage project seems to be going on apace, both within and without the League's ranks.

With the "Soviet Resolution," likewise, the League's action has not been acquiesced in. The May Conference, although voting support of the resolution by a narrow majority, refused to commit itself on the "dictatorship of the proletariat"—the theoretical statement of Bolshevik action—and instructed the "Executive" to "construct out of resolutions passed at this and previous Conferences, a statement of the policy of the League, and to publish this statement as a pamphlet." The pamphlet[102] was duly prepared by a member of the "Executive," and has since been published. It places the League "with the revolutionaries," urges the abandonment of Parliamentary action except for the purpose of "hampering capitalism and of educating the workers," and declares that "the creation by and among the workers of organized force and opinion

[102] Since published under the title, *The Policy of Guild Socialism*.

is the thing that counts." The majority of the "Executive" refused to sanction the publication of the pamphlet. At the December conference its publication was ordered over the heads of "the Executive," and those members opposing it resigned their offices.[103] A new set of officials was "coöpted" to take their places, including two of the most "advanced" left wing members.[104]

One other resolution adopted by the Conference showed that it had definitely traveled "left-ward." This was the acceptance of the report of the Committee of Five which had been appointed at the May Conference to "consult other organizations which have affirmed their solidarity with the Russian Soviet Republic for the purpose of formulating a program of action." The report of the debate indicates that the committee had decided on a policy for the National Guilds League reflecting very strongly the tactics of the Russian Soviet Republic. One of its proponents "emphasized the revolutionary implications of the report, and said that, in the coming struggle, everybody would have to decide whether he was for the workers or against the workers." The "left wing" had manifestly won.

3. *The consequences* of the disruption cannot be determined at this time. There are various possibilities. If the National Guilds League has really been "captured for communism,"[105] then it may be expected to align itself with the extreme left wing in British labor. If, also, its opposition to the Douglas-Orage Scheme continues, it will definitely split with the *New Age* group. In this event, the Guild Movement will break up into various factions, and lose its identity as an organized force.

[103] Messrs. Tawney, Penty, Reckitt, Baker, Taylor, and Mrs. Townshend. Mr. Reckitt was subsequently "coöpted" to it.

[104] Mr. N. N. Ewer and Miss C. E. Wilkinson.

[105] *Cf.* "The mirrors of Queer Street," *The Guildsman*, March, 1921.

On the other hand, the "center" group may continue to control the National Guild League's machinery and literature, hewing to the line of the broader implications of the Guild Idea, with little or no reference to the points of disagreement among the Guildsmen. It is this latter course which the League seems to have adopted. Its literature—especially its official organ—now[106] gives relatively little emphasis to one side or another of the controversy over "communism" or "credit," but, instead, concerns itself chiefly with such fundamental features of Guild thought as are generally agreed upon among Guildsmen. Moreover, there is evidence that the propaganda activities of the League, which were for a time "distracted and half paralyzed by internal troubles"[107] have been renewed, and are going on apace.[108] Furthermore, the League's recent affiliation with the National Guild Council opens new paths for propaganda.

The cleavage in ideas, nevertheless, remains, for it is fundamental and it must eventually be ended. Such a settlement can only come about through the recognition by the leaders of Guild thought of the fact that the Guild Idea, *as now formulated,* contains some contradictions, and many needlessly embarrassing irrelevancies, and that these must be removed before the Guild Movement can be either coherent or united.

In the critical portion of this work, the writer indicates the way in which he hopes this may be accomplished.

One further observation should be made. It is that purely abstract theorizing will probably not hold as large a place in Guild activities as they have heretofore. Not only has most of the pioneer work in theory been done, but

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[106] February, 1922.

[107] Taylor, "Liberty and the N. G. L.," *The Guildsman,* December, 1920.

[108] There have been a series of new pamphlets, and *The Guild Socialist* reports many meetings.

the unhappy consequences of theoretical disputations, on the one hand, and the growing success of the Building Guilds, on the other, appear to have diverted attention from speculation to experimentation.[109] That is to say, the whole Guild Movement may be expected to give more and more of its energies to experimentation. Not that theorizing and propaganda will cease. But the organized efforts of the Guildsmen will probably tend towards practical measures. Indeed, as the final chapter of this work will show, it is in this direction that the writer hopes the Guild Idea may find the way out of many of its theoretical difficulties.

[109] Thus, *The Guild Socialist* devotes increasing space to the Building Guilds, and other experimental Guilds.

PART II

DESCRIPTIVE

CHAPTER V

THE CASE FOR GUILD SOCIALISM[1]

ANYTHING like a complete exposition of the tenets of Guild Socialism within the limits of this work is impossible. It is, likewise, unnecessary, for the best source of information concerning Guild theories is the works of the various Guild writers. Furthermore, there has already been considerable exposition of the Guild Idea incidental to the preceding historical discussion. A summary only of the leading ideas of the Guildsmen can be undertaken here.[2]

This chapter takes up the case for Guild Socialism, that is to say, the reasons advanced by Guildsmen for demanding a transformation of the present economic structure. The next chapter considers the constructive proposals of the Guild Socialists, while the last chapter in this Part discusses the methods by which they hope to reach the Guild Commonwealth.

The arguments on behalf of the establishment of National Guilds are: (1) moral and psychological; (2) esthetic; (3) political; and (4) economic.

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[1] *Cf.* Cole, *Self-Government in Industry* (fourth edition), Chap. ii.

[2] The nearest approach to a comprehensive statement of all aspects and schools of Guild Socialism is Reckitt and Bechhofer, *The Meaning of National Guilds* (second edition). The following are good statements of one or another feature of Guild thought: Cole, *Self-Government in Industry* (fourth edition), and *Guild Socialism Re-Stated* (London, 1920); Douglas and Orage, *Credit Power and Democracy;* Hobson, *National Guilds;* Penty, *A Guildsman's Interpretation of History. The Guildsman* (now *Guild Socialist*) and *The New Age* reflect contemporary developments of Guild thought.

I. The Moral and Psychological Argument

The basis of the moral argument in favor of Guild Socialism was indicated in the introductory chapter. The Guildsman offers his creed as a response to the "demand for freedom.[3] He maintains that the worker is denied freedom through (1) the commodity theory of labor, and (2) industrial autocracy, and that a result of this condition is (3) the violation of the "Functional Principle."

1. *The commodity theory of labor* has been set forth at some length elsewhere. The Guildsman objects to that "vile conception of human relationship" which regards "the worker . . . not as a man, not even as a labourer, but as 'labour'—a mechanical aid to the purposes of another, something to be purchased—a tool." He declares that "the whole error of the wage system" rests on this "commodity theory of labour."[4] Especially, he believes that most of the grosser evils of the present system, as concerns labor, result simply from the "dehumanization of the wage relationship." Hence, he declares, it is not enough to attack this or that specific abuse, but the "spiritual" basis on which it rests. He finds the concrete expression of "the commodity theory of labour" to be the wage system. Hence, the statement of "objects" of the National Guilds League begins by demanding "the abolition of the wage system."

2. *Industrial autocracy* enslaves the soul of the worker, the Guildsman believes, as "the commodity theory" enslaves his body. It is a major premise of Guild theory that the worker must be free, not merely in his private or his political life, but in his *industrial* life—in fact, that he

[3] Cole, *Guild Socialism Re-Stated*, Chap. i.

[4] Reckitt and Bechhofer, *The Meaning of National Guilds* (second edition), pp. 4-5. *Cf.* also Orage, *Alphabet of Economics* (London, 1917), Introduction; Cole, *Labour in the Commonwealth*, Chap. i; Hobson, *National Guilds*, Chap. iii; Penty, *Old Worlds for New* (London, 1917), Chap. vi.

cannot otherwise be more than "passively" free politically, since "economic power must precede political power."[5] The way to true freedom is seen by the Guildsman to be the control by the worker over the industry in which he works. Hence, the second demand in the "objects" of the National Guilds League is for "self-government in industry."[6]

The revolt against industrial autocracy is one of the most significant features of Guild Socialist theory. The Guildsman finds it intolerable that the worker should be deprived of almost all, if not all, of his independence of action when he enters the mine or workshop in which he is employed. The Guild Socialist sees in the whole scheme of modern industrialism a vast tyranny, extending from gang foreman to corporation president, driving the workman in dumb obedience to its wishes, and all but crushing the soul out of him. The Guildsman points out further that modern devices for securing industrial efficiency, which depend for their success largely on the reduction of the worker to semi-automatic response to minute instructions, tend to destroy what vestiges of freedom the worker has left.[7]

Guild Socialist literature declares again and again that the man whose working life is lived in the shadow of such vigorous authority as modern industrial discipline involves is reduced to nothing other than a servile status, and that he must of necessity carry his slave habits and his slave mind away from his work bench and his coal pit, into his political and social life. Stated from another viewpoint, it is held that self-control in those activities to which a man devotes the largest part of his life, namely, his indus-

[5] Hobson, *National Guilds*, Part I, Chap. vii.

[6] *Cf.* also Cole, *Self-Government in Industry* (fourth edition), Chap. ii.

[7] Reckitt and Bechhofer, *The Meaning of National Guilds* (second edition), pp. 25-28.

trial activities, is primarily necessary for giving him a spiritual and intellectual equipment with which to face life on equal terms with his fellows. Such an indictment as the foregoing has, of course, particular application in so-called "company towns," where the entire community is owned by the employing corporation and the worker is forced to depend on the company "for his housing, his provisions and even—in some cases—his freedom of assembly."[8]

The demand for self-government in industry, then, expresses the conviction which the Guildsmen hold most firmly, that, not until the laborer is restored to that independence and freedom in the performance of his work which the free Gild Craftsman of the Middle Ages possessed, will industry be anything but an affront and a deadly injury to his human dignity.

There is a *psychological* as well as a *moral* objection on the part of the Guildsmen to autocracy in industry. They hold that the worker has instincts of craftsmanship—that is, impulses to make, own, and control things—which modern industry defeats. They claim, further, that much of the modern "industrial unrest" is due to the mental conflicts resulting from the suppression of these fundamental psychological needs, and that, therefore, nothing short of a revolutionary change in the management of industry can remove these conflicts and alleviate the unrest. That is, they believe that the workers must be restored to the control of the tools with which they work, and the plant in which they work, before industry will conform to elementary human needs.[9]

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[8] *Cf.* United States Commission on Industrial Relations (Final Report, Washington, 1916), Vol. I, pp. 78-80; Vol. VII, pp. 659-660.

[9] Penty, *A Guildsman's Interpretation of History* (London, 1920), pp. 244-245; Cole, *Self-Government in Industry* (fourth edition), pp. 43-47. For a critical analysis of this position, *cf. infra*, Chap. viii, Sec. 4-a.

3. *The violation of the "Functional Principle"* is in the Guildsman's eyes, partly a result of the servility involved in "wagery," partly another aspect of it. He finds industry committed to the policy of "production for profit and not for use." That is to say, the Guildsman finds the entire motivation of industry to be wrong. Instead of being organized for the service of the community, it is, he holds, designed merely to grind out profits for its owners, irrespective alike of the desires of consumers, or the needs of producers. He holds, further, that such "profiteering"[10] will not cease, until the control of industry is taken from the "functionless" or "passive" property-holder, and restored to the workers.

In opposition to this principle—or alleged lack of it—the Guildsmen offer "the functional principle," that is, the belief that property and other rights are relative to the welfare of society, and that, therefore, industry should always be responsible to the community.[11]

It should be pointed out here that economic considerations, as such, have nothing to do with this aspect of the Guild Idea. The moral and sentimental phase of the nineteenth century reaction against industrialism is here bearing fruit. The Guild Idea is, in a large measure, simply not concerned with economic principles; it has tried the existing system on other grounds, and on those grounds has condemned it.

II. The Esthetic Argument

The esthetic argument against industrialism has much in common with the moral, but is not nearly so prominent.

[10] The word "profiteering" was coined in *The New Age*, to characterize "production for the sake of profit." *Cf.* Orage, *Alphabet of Economics*, p. 113. The application of the term to exploiters of war-time necessities is relatively recent.

[11] *Cf. supra*, Chap. iv, Secs. 1-2.

The Guildsman holds that *good* work, in the best sense, can never be accomplished so long as industry is controlled by financial considerations. He believes that the superiority of the handicrafts and of architecture in the Middle Ages was due largely to the fact that the *worker* decided what to make and how to make it, so that his instinctive love of beauty and pride of workmanship was given free scope. To-day the Guildsman claims that the enslavement of the workers, and the suppression of all motives but that of "profiteering" make decent workmanship all but impossible.

The Guildsmen do not, as a whole, advocate a universal return to handicraftsmanship. They do insist, however, that the worker be restored to the control over his industrial life, so that *he* may make the choice as to whether to continue the use of machinery,[12] and—what is more important—so that he may do his work honestly and well. The influence of the medievalist tradition, especially as transmitted through Ruskin and Morris, is very clear at this point.

III. The Political Argument

The political phase of the case for Guild Socialism is involved in the theories of (1) the preëminence of economic power, and (2) the functional theory of society.

1. *The preëminence of economic power* has already been discussed.[13] The Guildsman holds that political liberty is an illusion, so long as industrial autocracy remains. The bulk of the average man's working life is, of course, taken up with his work. From this the Guildsman draws two conclusions. The first is that "economic power precedes political power"; that is, that political action merely

[12] Penty, *Old Worlds for New, passim;* Cole, *Self-Government in Industry* (fourth edition), pp. 42-47.

[13] *Supra*, Sec. I, (2).

registers the struggles carried on in the commercial and industrial world. The second is, as has been seen, that the character of the citizen is molded by his employment, and that, if his industrial status is servile, his political status will be correspondingly "passive." The Guildsman, accordingly, concludes that "the wage system is the one great barrier against human emancipation."[14]

A special application of this general theorem is embodied in the Guild objection to Collectivist legislation. Guild Socialism finds in such provisions as compulsory contributory insurance and compulsory arbitration proof positive that the present industrial system—far from increasing the personal liberty of the worker—is actually restricting it, and that, for all his political freedom, he is being hurried by the unholy alliance of plutocracy and bureaucracy back towards a Servile State.[15]

2. *The functional theory of society,* as has been seen, is a deduction from the "functional principle." In Mr. Cole's hands, it has received considerable elaboration, and been made the basis for his proposal for a "Guild Commune."[16] In outline, the theory is as follows: Functions are "social purposes selected and placed in coherent relationship."[17] Men organize various associations to carry on the functions in which they are interested: the church, the trade union, the coöperative society, the municipal council, and the State. Each can serve its own purpose best by being

[14] Hobson, *National Guilds,* p. 58.

[15] *Ibid.,* Part I, Chap. vi, Sec. 2; Part II, Chap. xii, Cole, *Self-Government in Industry* (fourth edition), pp. 81-94; Reckitt and Bechhofer, *The Meaning of National Guilds* (second edition), pp. 29-34.

[16] For a complete exposition *cf.* Cole, *Social Theory* (New York, 1920), *passim.* A less technical exposition is his *Guild Socialism Re-Stated,* Chap. i, and *Labour in the Commonwealth,* Chaps. x-xiii. *Cf.* also de Maeztu, *Authority, Liberty and Function, passim.*

[17] Cole, *Social Theory,* p. 54.

relatively independent, and by working *in conjunction with, but not under the authority of,* any of the others. It follows that the State's claim to sovereignty over other associations falls down, for the State is not "omnicompetent," but is simply the trustee of certain functions, notably the performance of those services, such as police and fire protection, which affect all men equally, regardless of their other interests. That is, the State is merely *one of a number of functional associations,* and can claim no *primacy* over them.[18] It follows, also, that true democracy does not begin and end with the election of representatives to only *one* of these bodies, namely, the State; but that it must include the participation in as many functional associations as concern the individual.

The Guild Socialist position is deduced from these two postulates. It is maintained, first, that the State cannot dictate to the trade union or any other economic organization, but, on the contrary, each is sovereign within its own sphere. Second, it is held that the worker must select the officials in charge of the mine or factory in which he is employed, as well as the city in which he lives. Finally, it is believed that the Guild Socialist "commune" will consist of "a Democratic system of National Guilds working in conjunction"—*not* "with a Democratic State"—but "with other democratic functional organizations in the Community."

The phrase just quoted is taken from the National Guilds League's statement of "Objects," the reference to the State having been deleted at the May, 1920, Conference,[19] through the influence of the exponents of the political theory just outlined.

As the next chapter will show, however, this theory is

[18] *Ibid.*, p. 81.
[19] Supplement to *The Guildsman*, June, 1920.

not held universally by National Guildsmen, although it apparently is subscribed to by the majority of them, under the leadership of Mr. Cole. There is another group which holds to the idea of the sovereign State. This is the doctrine with which Guild Socialism was launched, and which Mr. Hobson still maintains. It holds that the State should exercise . . . "civic" rather than coercive authority, and that it should remain itself "functionless," though a "dispenser of functions." That is, except in emergency, it should assign to the Guilds or the government (as distinct from the State) the various tasks of actual "administration," retaining to itself only the questions of ultimate policy. The practical application of this theory is, manifestly, very similar to the one previously stated, particularly as regards the autonomy of the Guilds, and the claim for "self-government in industry."[20] The advocates of the Douglas-Orage Credit Scheme have little to say on political theory, but apparently lean more towards the theory of the sovereign state than that of "co-sovereignty."

IV. The Economic Argument

The foregoing shows that National Guilds may be advocated by individuals holding divergent political theories. In the matter of economic opinions, there is a still sharper difference of opinion among Guildsmen. Some of them have no well-defined ideas on this subject, directing their attacks on the present régime largely on moral, esthetic, or political grounds. Those who do have an economic basis for their condemnation of "things as they are" approach the question from the viewpoint of (1) the Marxian analysis, or (2) the Douglas-Orage analysis.

[20] *Cf.* Hobson, *National Guilds*, pp. 132-133, and *National Guilds and the State, passim. Cf.* also Cole, *Self-Government in Industry*, "Introductory to the edition of 1919"; Taylor, *The Guild State* (London, 1919), Chap. vi.

1. *The Marxian analysis* was the economic basis of Guild Socialism, in so far as it had any, until the proposal of the Credit Scheme. As shown in the preceding historical discussion, the fundamental elements of Marxism have been common property among radical English workingmen for at least a hundred years. The original expositors of Guild Socialism seem to have shared these views. Hence the earlier Guild Socialist propaganda parallels very closely the "orthodox" socialist lines of attack. Starting with the assumptions that "the relative and exchange values of commodities" . . . or "true value" depends on labor, and that wages "is the price paid for labour power . . . based upon the cost of subsistence . . .," the analysis proceeds in a typically Marxian manner to the conclusion that "it is upon the wage system . . . that the ability of his (the worker's) masters to exact rent, interest, and profits depends." That is, the landlord, "capitalist," and "profiteer" all get their income out of surplus-value skimmed off from the difference between the value the worker creates, and that which he gets in the form of a bare living wage.

The moral the Guildsmen draw from this analysis is that the worker must "destroy the wage system." Their doctrine is summed up in a frequently repeated slogan: *"No wages, no profits; no wages, no rent; no wages, no interest."* Elsewhere they declare that "the way out is to smash wages."[21] National Guilds, involving the abrogation of the wage-relation, are offered as the means for accomplishing this purpose. On the other hand, Collectivism is condemned, as "fastening" the wage system more securely on the worker than does private "wagery."

Thus, the Marxian analysis is used as the foundation for a school of socialism entirely different from that ordinarily

[21] Hobson, *National Guilds, passim*, especially Part I, Chaps. i, ii, ix.

connected with Marxism. This point should be kept in mind, for it has an important part in the critical consideration of Guild Socialism. The criticism may be anticipated here sufficiently to remark that it is probably the Marxist economics of Guild Socialism which has made the leap from National Guilds to something very like Bolshevism easy for many members of the National Guilds League. For Bolshevism is also theoretically based on Marxian dogmas,[22] and it is more than likely that the willingness of many Guildsmen to fuse their propaganda for National Guilds with the advocacy of a "proletarian dictatorship" is due to the fact that both theories have been deduced from the same doctrine.

2. *The Douglas-Orage Analysis* also leads to National Guilds, and yet specifically repudiates Marxism.[23] *En passant,* this circumstance goes to show to how great an extent the Guild Idea is independent of an economic basis.

In general, the Douglas-Orage analysis holds that economic democracy consists in "the effective expression of the policy of the majority" through the communal control of financial power. It goes on to declare that such an eventuality is impossible, under present conditions, since financial power is monopolized "by the banker, the financier, and the industrialist."

This situation the analysis ascribes to the mal-distribution of purchasing power through the private appropriation of communal credit. The way this misdirection of industry is said to take place is as follows: Credit rests, in the long run, on productive capacity. It is issued by banks in anticipation of the productive capacity of borrowers, relatively irrespective of the money deposits in the bank. Once issued, it becomes (paper) money, or its equivalent,

[22] *Cf.* Postgate, *The Bolshevik Theory* (London, 1920), Chap. vi.
[23] Douglas and Orage, *Economic Democracy*, p. 2; and "Notes of the Week," *The New Age*, July 7, 1921.

"deposit currency," i. e., checks.[24] Once issued, either as paper money or checks, this credit-power becomes *purchasing* power.

As already stated, such credit is issued *in advance* of production, to manufacturers, farmers, and *entrepreneurs* generally. This practice of issuing credit in advance is of great importance, for it is distributed, spent, and returned to the banker as deposits, before the ultimate goods in respect of which it is issued are available. When these goods are finally ready for market, most of the purchasing power distributed on account of their production has been reabsorbed by the bankers. The *price* of the goods, however, includes all the *costs* represented by these previous advances of credit. Consequently, *prices of goods always are greater than the purchasing power available to buy them.*

An illustration may illuminate this point. The production of a pair of shoes starts, let us say, in 1918, when a calf is born in a western forest reserve. Some time in 1921, that calf—now a grown steer—is slaughtered, and his hide cured. Six months later the hide is made up into a pair of shoes, and, some time in 1922, the shoes are bought by—let it be assumed—a mechanic from Lynn, Massachusetts, who helped make up the shoes.[25] What money has he got with which to buy the shoes? In so far as his resources depend on what he was paid for making up the shoes, he will have *less than* the price of the shoes. Why? Because the price of those shoes takes into account the accumulation of costs, begun back in 1918, when the calf whose hide went

[24] In the United States, the Federal Reserve Notes are, in fact, not much more than paper money issued on collateral anticipating production.

[25] Of course, he did not make up the shoes in their entirety. He may be assumed to have repeated a certain process on a number of pairs of shoes, making his work equivalent to the time he would spend on one pair.

into the shoes was born; the raising of the steer, his transportation to the Chicago stock yards, his slaughtering, the curing of his hide, the transportation of the hide from a western tannery to the Lynn factory—all these, as well as various overhead and "plant" costs are figured in the price for these shoes. But all the mechanic has is the price paid for the *final stage* in the production of the shoes, obviously only a *fraction* of their total cost price. Further, no other ordinary purchaser now possesses purchasing power to make up the difference between the cost price of the shoes and the mechanic's wages. The cowboys, railroad men, packing house workers, tanners—all have drawn their wages out of credit issues made *in anticipation* of the day when the shoes would be sold, their wages have all been spent, and have found their way back to the vaults of the bankers who issued them. What does the mechanic do? He either goes without the shoes, or goes without something else. The mechanic's dilemma is the plight of the consuming public in general. At any time, the public holds in its pockets *wages, salaries and dividends insufficient to buy the goods for the production of which it has received those same wages, salaries and dividends.*

Nor is this all. Not only are specific prices of goods always greater than the spending power available for their purchase; the *general price level* is always higher than the purchasing power of the total amount of money in circulation, for the issue of credit in advance of production progressively inflates the currency of a country. That is, credit is issued; purchasing power distributed; and the price level correspondingly raised—all *before* the goods, in respect of which this has happened, are marketable. Moreover, there is never a chance to "catch up," for, as soon as the goods represented by one increment of purchasing power finally do get into use, the whole process has been started over. Thus, *prices in general keep going up faster*

than wages, salaries, and dividends all together can possibly increase.[26]

Occasionally, also, things are made worse by the raising of price beyond their cost level through the operation of trusts and rings.

The proponents of the analysis base certain deductions upon it. They claim, first, that the bankers and financiers always have a vast surplus of purchasing power, of which they get rid in various ways—all anti-social. They spend it on wasteful luxuries.[27] Or they manufacture goods for sale to the government, especially munitions of war. Or they produce for the export market. These two latter expedients make a constant recurrence of war absolutely inevitable, for, on the one hand, governments are provided with huge armaments; on the other hand, nations are thrown into ever keener competition, as each seeks to find foreign markets to replace its constantly diminishing home markets. Finally, the financiers put their money back into the manufacture of capital goods, that is, "plant," with the result that they increase productive power while at the same time further restricting the generally available purchasing power, and thus start the whole paradoxical process going at a greater rate than before.

Again, the recipients of wages, salaries and dividends practice a constant "economic sabotage" in self-defense. They cannot get enough to buy what they help produce from the *rightful* return for their efforts; so they practice all sorts of aggressive and underhanded methods to get *more than their rightful return for their effort.* Labor

[26] This is based on the commonly accepted "quantity theory of money," that is, that the price level rises if money is issued faster than goods are produced; is stationary if money and goods are produced at the same rate; and falls, if money is produced at a slower rate than goods. *Cf.* Taussig, *Principles of Economics* (New York, 1916), Vol. I, Chap. xviii. Fisher, *The Purchasing Power of Money* (New York, 1911), Chaps. i-viii.

[27] *Cf.* Tawney, *The Sickness of an Acquisitive Society*, Chap. iv.

"makes work," and adopts restrictive trade-union rules; employers beat down wages; merchants adulterate their products, and by advertising, monopoly, and other devices, artificially raise prices; producers all along the line deliberately *waste,* or engage in *wasteful struggle* in their desperate efforts to increase their share of wages, salaries, and dividends.

The extent of the waste involved in one form or another of "economic sabotage" is held to be appalling. Major Douglas estimates that "something over three hours' work per head per day is ample for the purpose of meeting consumption and depreciation of all the factors of modern life under normal conditions and proper direction."[28]

According to this theory, then, modern societies are systematically producing more than they consume, yet producing far less than they can; rushing headlong into the wholesale "sabotage of war," and—what is most important in this connection—constantly turning over an ever larger share in the control of industry to a narrow ring of financial magnates.

One further element in the analysis indicates its direct bearing on Guild Socialism. The protagonists of this theory maintain that credit is a *communal* product, that is, it "is the estimate of the *potential* capacity under a given set of conditions, including plant, etc., of a society to do work," further, that "the banking system has been allowed to become the administrator of this credit and its financial derivatives with the result that the creative energy of mankind has been subjected to fetters which have no relation whatever with real demands of existence, and the allocation of tasks has been placed in unsuitable hands."[29]

[28] Douglas, *Economic Democracy*, p. 104. It should be remembered that Major Douglas is a successful engineer. *Cf.* Federated American Engineering Societies, *Report of the Committee on Elimination of Waste in Industry* (New York, 1921).

[29] Douglas, *Economic Democracy*, pp. 120, 121

That is, the credit power of the community is created by the community and belongs to the community and, once restored to it, real economic democracy will ensue. Further, since the community has created the productive capacity, on which credit rests, no one part of the community can claim to be the source of that production, and, *pari passu*, the holder of that credit. It is at this point that the Douglas-Orage analysis repudiates Marxism. For it holds that the claim of labor to be the sole source of wealth is absurd. It maintains, instead:

. . . wealth is the product of a vast co-operative effort of society, very largely the effort of past generations still bearing fruit at the present day. If we are to give any one answer to the question, who or what is the producer of wealth? we should have to say "the machinery of production." This is a complex, consisting partly of actual machines, but very largely also of traditions, standardised methods, knowledge of scientific processes, and similar imponderables. Its principal creators are dead and buried. The major portion of the wealth produced to-day *has been earned* by these men; it is not earned by any now living labour of hand or brain. Of course, labour of both kinds is indispensable to the functioning of this machinery of production. So is fuel and lubricating oil. There is no more reason for singling out labour as *the* creator of wealth, than for pitching on coal or oil. When a machine is running practically by itself and pouring out manufactured goods, the labour of mere "minding" is only an incidental matter. Such labour might be justly and even generously paid, and yet leave the bulk of the product as a social dividend for workers and non-workers alike. As each generation simply finds these facilities for producing wealth on easy terms lying about, as it were, they can only, in equity, be regarded as a social heritage in whose fruits all are entitled to share. The mass of the people, in short, are robbed not, as workers, of the produce of their labour, but, as citizens, of their social heritage." [30]

[30] *The New Age*, June 30, 1921.

Therefore, the analysis finds no hope in trying to restore to labor its "just share in the product," since its share is very slight, and almost impossible to ascertain. In fact, it holds that the *wage* is an obsolete form of remuneration, as is the theory supporting it, that reward should depend on "useful" work. Instead, it declares that, since the community *in general* creates wealth, the community *in general* should receive the return on that wealth, and, for this purpose, it proposes the adoption of the *"social dividend"* as the normal form of income. Finally, the Douglas-Orage theory states that the social dividend, properly distributed, would render every citizen economically independent, and so really and actively free, to organize a Guild, or to do, or not to do, anything else.[31]

The device for bringing this consummation to pass is the Douglas-Orage Credit Scheme, which will be described in Chapter VII.[32]

The arguments advanced by Guildsmen in support of their demand for a reconstruction of society are, it is clear, various and, in part, mutually inconsistent. Consequently, there is no *one* standard plan for a Guild Socialist commonwealth. The next chapter will show that there is, nevertheless, a much closer approach to agreement among Guildsmen in respect to their hopes for the future than in respect to their criticisms of the present.

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[31] *Cf.* especially "Notes of the Week," *The New Age*, July 14, 1921.

[32] Douglas, *Economic Democracy, passim*, especially Chap. v; Douglas and Orage, *Credit Power and Democracy, passim*, especially Chaps. ix and x; "Towards National Guilds" and "Notes of the Week," *The New Age*, 1920-1921; Reckitt and Bechhofer, *The Meaning of National Guilds* (second edition), pp. 254-271.

CHAPTER VI

THE IDEAL COMMONWEALTH OF GUILD SOCIALISM

THE National Guildsmen have been chary of "building guilds in Spain."[1] They feel that their immediate task is with the "sordid realities of the existing wage system" rather than the building of Utopias. Yet they realize that the ideal of an industrial society must be "roughly sketched" in order to give their theories definiteness. Nevertheless, it is no more than "roughly sketched," so that a complete picture of "National Guilds in Being" cannot be drawn on the basis of the existing Guild Socialist literature.[2] Moreover, as indicated at the close of the previous chapter, the very considerable divergence between different Guildsmen renders it impossible to fix upon any one scheme—complete or incomplete—as the ultimate goal of Guild Socialism. Hence, nothing can be attempted beyond a statement of the general outlines of the Guild Commonwealth upon which most Guildsmen are agreed and a statement of the differing views regarding such matters of detail as the Guildsmen have given their opinions.

The most important features of the Guild Socialist "Ideal" are: (1) the Guilds; (2) Inter-Guild relations; and (3) the Guilds and the community.

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[1] Hobson, *National Guilds*, p. 137.

[2] The nearest approach to complete accounts of the Guild Socialist ideal are: Hobson, *National Guilds*, pp. 132-284; Cole, *Self-Government in Industry* (fourth edition), Chaps. i, vii, viii; Cole, *Guild Socialism Re-Stated*, Chaps. iii to ix; Reckitt and Bechhofer, *Meaning of National Guilds* (second edition), Chap. vi.

I. The Guilds

The central feature of a Guild Socialist scheme must, of course, be the Guild. Before proceeding any further with his discussion, the Guildsman must be able to give an idea concerning (1) the definition and classification of the Guilds; (2) the structure and government of the Guilds; (3) the membership of the Guilds; and (4) the pay in the Guilds.

1. *The definition and classification of the Guilds* is a point concerning which there is some approach to uniformity among Guildsmen. A Guild would be "a self-governing association of mutually dependent people organized for the responsible discharge of a particular function of society."[3]

This definition shows that the Guild envisaged by National Guildsmen has three important characteristics. First, it would contain *all the workers "by hand and brain"* in any industry, or, as will be seen in a moment, any trade or profession, in so far as that industry or profession is "Guildized." An important Guild principle is involved here, namely, the inclusion of *managerial* and *technical* as well as *manual* workers within the ranks of the same Guild. That is, the "salariat" as well as the "proletariat" would be included in a Guild.[4]

Again, it would be *responsible*. That is, in conformity with the "Functional Principle" it would be given virtual autonomy within its own sphere, so long as it performed satisfactorily the functions allotted to it. The Guildsman places great weight upon the giving of responsibility to the workers through their self-governing Guilds. As was pointed out in the preceding chapter, the Guild theory ascribes much of the present wasteful and useless expendi-

[3] *Cf.* Orage, *An Alphabet of Economics*, p. 53.
[4] *Ibid.*, pp. 137-138.

ture of productive energy to the fact that the men actually engaged in production have nothing to say concerning the direction of their work, but that the industrial processes are subordinated to "profiteering" motives. Now the Guild Socialist believes that industry can be made to produce "for use and not for profit," provided only the workers engaged in it can be given *freedom,* and the *responsibility* appropriate to it. He hopes, in short, that the same "professional spirit" which limits the profit-taking impulses of doctors, teachers, or soldiers by codes of "ethics" and "honour" may be imparted to industry if it "should cease to be conducted by the agent of property owners for the advantage of property owners, and should be carried on, instead, for the service of the public," and if, further, "subject to rigorous public supervision, the responsibility for the maintenance of the service should rest upon the shoulders of those, from organizer and scientist to labourer, by whom, in effect the work is conducted." The Guildsman holds that:[5]

> The work of making boots or building a house is in itself no more degrading than that of curing the sick or teaching the ignorant. It is as necessary and therefore as honourable. It should be at least equally bound by rules which have as their object to maintain the standards of professional service. It should be at least equally free from the vulgar subordination of moral standards to financial interests.

An important corollary of the doctrine of responsibility is that of monopoly. Some Guildsmen believe that if the Guild is to be held effectually accountable for any costs, it must be a "statutory body exercising a monopoly." In this, they are reviving the theory of responsible monopoly on which the Medieval Guilds rested.[6] As will be seen,

[5] Tawney, *The Sickness of an Acquisitive Society,* Chap. vi.

[6] Penty, *A Guildsman's Interpretation of History,* p. 39. Renard, *Guilds in the Middle Ages* (English Translation, London, 1919), pp. 32-40.

however, the Guild Socialists are not altogether sure concerning their demands for giving the Guild exclusive privileges, and, in some cases, make provision for a "fringe" of enterprises relatively free from Guild control.

A third characteristic of the Guild is that it would be *ruled democratically*. The importance of the plea for "self-government in industry," in Guild Socialism, has been made abundantly clear already, and needs no further discussion here. The mechanism the Guildsmen suggest for insuring freedom in the Guilds will be described below.

As regards *classification* there is no unanimity among National Guildsmen. They are agreed that there would be two types of Guilds: the *industrial* and the *civic* Guilds. Some, but not all, Guild Socialists add a third type, the *distributive* Guild.

The industrial Guilds would engage in "the various branches of transport and manufacture." Though the Guildsmen "do not pretend to know or prophesy exactly how many Guilds there would be, or what would be the lines of demarcation between them," they seem fairly certain on "the main Guilds." One writer estimates that there should be nine principal industrial Guilds:

Transit
Agriculture
Mines and Quarries
Metals, Machines, Implements and Engineering
Building, Construction, Furniture, and Decoration[1]
Paper, Printing, Books, Stationery
Textiles
Clothing
Food, Tobacco, Drink and Lodging

[1] The Building Guilds at present organized do not undertake furniture and decoration, a separate Guild having been instituted for those functions. *Cf. supra*, Chap. iv, Sec. iv.

Although the Agricultural Guild would, strictly speaking, belong in the industrial group, nevertheless it would have certain peculiar features. It would, first of all, be much more highly decentralized than the normal industrial Guilds. Again, it would have to provide for the "peasant proprietor," working alone, or mostly alone, on his small holding. Further, it would combine the functions of a consumers' organization with its other duties, since the typical rural community would be too small to support both producers' and consumers' associations. Finally, it would be an "undifferentiated" organization, including "the village carpenters, smiths, and other isolated workers," and taking over some of the duties of local government in general. That is, the Agricultural Guild would, in a great measure, render its members the same services that would be assigned to several organizations in an urban center.[8]

The Civic Guilds would include, in a general way, the "professions" of to-day, excluding the ministry. There would be a Health or Medical Guild, including nurses and sanitarians, as well as doctors,[9] and an Educational Guild, including "the institutions responsible for education in all its stages—from primary school to university."[10]

There might also be a Legal Guild, a Dramatic Guild, and other Guilds ministering to any "essential, non-economic need of the people." Whether there would be a Civil Servants' Guild,[11] made up of permanent government

[8] Penty, *Guilds, Trade and Agriculture* (London, 1921), Chap. ii; Cole, *Guild Socialism Re-Stated*, Chap. ix.

[9] Hobson, *National Guilds*, p. 227. *Cf.* also Cole, *Guild Socialism Re-Stated*, Chap. iii. Something like this amalgamation of professions has been worked out in such institutions as the Rockefeller Foundation and the United States Public Health Service.

[10] In this connection, it is worth noting that the teaching profession in England is "keen" on the Guild Idea. *Cf. supra*, Chap. iv., Sec. iii. The whole movement for "academic freedom" places this profession in close sympathy with the larger ideals of the Guildsmen.

[11] In the United States, it would be called a Civil *Service* Guild.

employees, depends, of course, on how extensive would be the functions of the State under a Guild régime. As might be expected, Mr. Hobson makes elaborate provision for such Guilds, while Mr. Cole virtually ignores them.[12] Mr. Hobson believes that there could not be such complete self-control in the Civil Servants' Guilds, since the "first allegiance" of their members would be to the State, this being particularly true, of course, of the Army, Navy, and Police.[13]

The question of the possibility of there being distributive Guilds likewise depends upon the "social theory" under which the Guild Socialist commonwealth would be operated. Mr. Hobson and those Guildsmen holding that the State would continue to play an important part believe that much of the retail trade, at present conducted by private merchants or consumers' coöperative societies, would be carried on by distributive Guilds. Such a Guild would be made up, not merely of the persons engaged in distributing products, but would also be governed partly by representatives from "all the productive Guilds whose goods it distributes . . . representatives from the municipal bodies . . . in each area covered by the Guilds," and, finally, "consumers chosen by the general body of customers."[14]

The earlier Guild theory followed much the same line of thought as Mr. Hobson in this respect.[15]

The present tendency seems, however, to incline to Mr. Cole's theory of ~~functional democracy~~. This theory contemplates the division of functions in the "commune" among various organizations representing producers and

[12] Hobson, *National Guilds and the State*, Chaps. vi, vii, viii, xvi, and Appendix; Cole, *Guild Socialism Re-Stated*, Chap. vi.

[13] On this basis, a "police strike" would probably be frowned upon by a Guildsman of Mr. Hobson's type.

[14] Hobson, *National Guilds and the State*, Chap. v, Sec. 7.

[15] *Cf. The Storrington Document*, quoted in Reckitt and Bechhofer, *The Meaning of National Guilds* (second edition), pp. 202-203.

consumers. One such association would be assigned the task of retail distribution, and would be developed out of the present coöperative societies. Yet, the earlier plan provided for representation of the consumers in the distributive Guilds, so that, except for the name, there seems to be little difference in actual function between Mr. Hobson's distributive Guilds and the more recently projected "consumers' organizations" for "personal and domestic consumption."[16]

2. *The structure and government* of the Guild is a subject concerning which much still remains unsettled among Guildsmen, although there has been considerable discussion with regard to it. The points about which interest has centered are the unit of Guild organization and the choice of officials.

The unit of Guild organization is generally considered among Guildsmen to be the *National* Guild. One group of Guildsmen, led by Mr. Penty, have urged the merits of the *local Guild,* calling attention particularly to the dangers to freedom inherent in large organizations and the over-centralization attendant upon them. Further, they have argued that only by restoring local autonomy in industry could the domination of machine production be overthrown. They have also pointed out the essentially local basis of the Medieval Gild.[17]

On the other hand, the champions of National Guilds have called attention to the fact that modern industry is typically organized nationally, and that the inherent economies resulting from large-scale organization in such matters as marketing and purchasing are too important to be disregarded. They also have noted that the trade unions, upon which Guildsmen count for the bringing in of their

[16] Cole, *Guild Socialism Re-Stated,* pp. 78-85.

[17] Penty, *Old Worlds for New,* Preface and Chaps. vii to xii; Taylor, *The Guild State* (London, 1919), Chap. iv.

ideal society, are national, and that the rank and file of their membership think in terms of nationally organized institutions. Finally, they have held that the dominance of local over national interests is a feature of Medieval life, the restoration of which the advent of the spirit of nationality permanently precludes. As for the local Guildsmen's fears concerning the continuance of machine domination, the other group has not shared their antipathy to machines as such, and has insisted, moreover, that, once the workers got control of industry, they could decide to use machines or not, as they chose.[18]

Lately Guildsmen seem to have come somewhere near agreement by deciding upon National Guilds, highly decentralized. Such matters as the purchase of raw materials, the securing of markets, and the laying down of general policies, such as standards of safety or of workmanship, the conduct of research, and the representation of the Guild "in its external relations" would be under the control of the National Guild. In such matters as the actual administration of production, however, the local unit (typically the factory) would have very large discretion. The advocates of this compromise between local and national Guilds point to the German *cartel,* as illustrating in a general way the ideal scheme of organization.[19]

With regard to the *choice of officials,* the Guildsmen are, of course, clear on one point: there should be "self-government." There would be no more appointment of foremen, factory managers and the like, by outside authorities, representing either private stockholders or public bodies. Instead, the "leaders" of the various Guilds would be chosen

[18] Reckitt and Bechhofer, *The Meaning of National Guilds* (first edition), pp. 394-407.

[19] Cole, *Self-Government in Industry* (fourth edition), Chap. vii, Secs. 3 and 8.

by, and responsible to the personnel of, their respective Guilds.

There is no need to go into the details concerning electoral and appointive machinery, discussed by the Guildsmen. In general, it may be said that they realize fully the impossibility of there being any more easy and simple road to efficient democracy in the organization of a factory or a hospital than in the government of any political unit. They have manifested considerable caution and ingenuity in their endeavor to insure the maximum of efficiency as well as of democracy.

In so far as applicable, the Guildsmen hold for a system of direct democracy. That is, the election of those "men whose work is mainly that of directing the work of others, of moving the energies of a group of men towards an accepted end, of expressing the corporate solidarity and cooperative spirit of the group," should be chosen on the principle of "election from below." If, however, certain "technical qualifications" were necessary to efficiency, these could be required of any candidate, somewhat as a certain type of public official to-day—say a district attorney—must first have been admitted to his profession before offering himself for election. A recall system, with proper safeguards, would apply to the directly elected officials.

In those cases where the official's position was predominantly technical, as in the case of a metallurgical engineer or of a director of research, there would be no need for direct election, since, in the first place, the personal factor would not be of so great importance as in the case of an executive, and since, in the second place, a small group of officials or representatives could acquire a closer knowledge of individual fitness than could a general electorate. In this connection, the practice of entrusting the selection of expert administrators to the municipal councils, common in the German cities before the recent Revolution,

occurs as an example of the way technical efficiency is combined with the principle of democracy.

The foregoing discussion applies primarily to the local unit: factory, mine, or workshop. The Guild would also have a regional and a national organization. The representatives to these bodies would be chosen, typically, by indirect election. That is, the workshop committees would select representatives to the district Guild Committee, and the district Guild Committee to the National Guild Committee.

In addition to the electoral machinery just outlined, there would be other agencies for giving the worker control over his industrial life. The present shop-committees would be perpetuated and augmented, and would provide a means for "rank and file" suggestions and criticisms, as well as for indirect elections and appointments. Further, there would be *craft* as distinguished from *industrial* organization, running "horizontally" through a given Guild, and, possibly, through various Guilds. For example, a machinist's craft organization might have members in the repair shop of various industrial Guilds. Likewise, at the other end of the industrial hierarchy, certain classes of experts might desire professional organization and representation in addition to their industrial connections, somewhat as engineering societies "cut across" various industrial demarcations to-day. These craft organizations would have special representation, especially in the National Guilds.

The picture thus drawn is far from complete, but it serves to show that the Guild Socialists are at least striving for an industrial organization which will *work*, and will not turn the average factory into an undisciplined debating society, as some of their critics—with an eye to the earlier days of the Soviet régime—are prone to maintain. If the critic still maintains that democracy in industry

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late to admission and expulsion, and to the special problems involved in the recruitment of Guilds performing disagreeable and dangerous work, and the disposal of surplus workers in overcrowded Guilds.

In respect to *admission* and *expulsion* Guildsmen are for the most part silent. The only statement that is at all definite provides simply for something very like the joining of a club. The individual would apply, and *if there were a vacancy* he would be admitted. If there were no openings he would go on a "waiting-list." In case technical qualifications were required, as in one of the civic Guilds, or in a skilled craft, he would have first to pass a "qualifying examination," or serve a term of apprenticeship. The extreme naïveté of such provisions does not need to be pointed out.

The various Guilds would be accorded practical autonomy in the matter of expulsion of members. "The deliberate lowering of Guild standards, breaches of Guild discipline, or conduct that reflected adversely on the Guild as a whole" would be grounds for expulsion. Yet proper safeguards, such as Guild courts, should be provided to prevent the thrusting out of a man for incurring the displeasure of an official, or for actions unrelated to his suitability as a Guild member; and no one would be dropped from a Guild without the vote of "an overwhelming majority" of its membership.[22]

Concerning the special problems relating to membership, the Guild proposals are very sketchy. In regard to *the recruitment for disagreeable and dangerous work,* one writer suggests that the Guild commonwealth could "offer whatever special conditions are required to attract the necessary workers, not in higher pay, but in shorter hours,

[22] Reckitt and Bechhofer, *The Meaning of National Guilds* (second edition), pp. 182-184. The authors quote, in part, from the *Storrington Document.*

holidays extending over six months in the year . . .," and expresses the hope that "under such conditions the doing of this work will fall . . . to men whose lives are so full of desires to do unpaid work in their own individual way that they choose to earn their livings by doing dull work for a brief part of their time." Another Guild book expresses the opinion that "Labour in dirty industries . . . will probably be . . . undertaken by those who are for the time unable to obtain an entry elsewhere." Guildsmen also hope that, under the régime to which they look forward, most of the arduous, dangerous, and repulsive labor necessary to-day may either be left undone, or be performed by "the fullest application of machinery and scientific methods."[28]

The disposal of surplus workers in overcrowded Guilds receives even less consideration from the artificers of the future Guilds. The only authors who even consider the problem content themselves with this statement:

> The administrative genius manifested nowadays in industry will not disappear with the coming of the Guilds; it is likely rather to be quickened with the general resurrection of the Guild spirit. We are led to emphasize this on account of the nature of some questions frequently put to National Guildsmen. A typical example . . . is the following: What would happen to a body of men whose occupation for one reason or another suddenly ceased to exist? Would they become non-working pensioners of their original Guild; or, if not, *how would it be possible* to transfer them to another Guild which was in need of members? This "how would it be possible" . . . leaves entirely out of account the enormous administrative ability exercised by managerial grades in industry to-day. . . . With National Guilds, their redistribution in other industries would be a matter of skilled management. Moreover, the Guild Congress and the

[28] Penty, *Old Worlds for New*, p. 84, footnote; Cole, *Guild Socialism Re-Stated*, pp. 75-77; *The Storrington Document*, quoted in Reckitt and Bechhofer, *The Meaning of National Guilds* (second edition), p. 183.

Local and District inter-Guild Councils would provide admirable machinery for the adjustment of precisely such difficulties.[24]

It is clear that the whole question of membership, particularly as regards the shifting of workers from one Guild to another in response to the fluctuation in demand and the progress of industrial technique, has scarcely been faced at all. The very considerable waste and hardship resulting from the failure of the present industrial organism to make such adjustments constitutes one of the most telling criticisms that Socialists launch against "things as they are,"[25] and it would be expected that, in constructing an ideal commonwealth, the Guild Socialists would at least grapple seriously with the problem. The possible consequences of this hiatus in Guild theory will be considered in the critical portion of this work.

4. *"Pay"* in the Guild Commonwealth has, on the contrary, been very earnestly considered. The Guildsmen have reached no agreement regarding the question of fixing "pay," but are practically unanimous on the idea of "industrial maintenance."

By *industrial maintenance,* the Guildsmen mean the payment of remuneration to the individual Guildsmen, whether he happens to be "employed" or not. It has been seen that this theory is embodied in the financial arrangements of the Building Guilds.[26] The system of unemployment insurance now in force in Great Britain also reflects somewhat the same idea. The Guildsmen make a great deal of this principle. They maintain that both piece-work and time payment are unfair and uneconomical. They con-

[24] Reckitt and Bechhofer, *The Meaning of National Guilds* (second edition), pp. 333-334.

[25] Cole, *Chaos and Order in Industry* (London, 1920), p. 256; Penty, *Guilds, Trade, and Agriculture,* Chap. x; Hobson, *National Guilds,* pp. 35-40. *Cf.* also Marx, *Capital,* Vol. I, Part VII, Chap. xxv.

[26] *Cf. supra,* Chap. vi, Sec. iv, and Appendix ii.

sider them as unfair because the worker is usually entirely powerless to control the conditions which affect his employment; some of them being due to natural causes, others to industrial fluctuations. They regard them as uneconomical, because they result in a tremendous loss of efficiency, through the underfeeding, worry, and demoralization suffered by the unemployed or irregularly employed workman. They also point to the Army and Navy as examples of services where it is considered expedient and proper to provide pay (not wages) whether the individual is "employed"—in shooting or being shot at—or "unemployed" in barracks or on leave.

Likewise, the Guildsman objects to the stoppage of the worker's income during such contingencies as sickness or old age. He considers the provision of sickness insurance, old age pensions, and the like, as inadequate, and as unwarranted assumptions by the State of a function properly belonging to industry, namely, the maintenance of its own working force. Hence, under the Guild program, *pay* would be substituted for wages, "and given the Guild member continuously, in sickness and in health, in employment and unemployment," in youth and in old age.[27]

In the question of *the fixing of "pay,"* the Guildsmen, like other socialists, have reached no final conclusion. The first problem raised by this question relates to the agency which would be entrusted for fixing schedules or payment. One group of Guildsmen merely dodges the issue by saying that the matter should be "at the discretion of each National Guild." Another proposal is that the Guild Congress,[28] in consultation with representatives, would pass

[27] Hobson, *National Guilds*, pp. 80-88, 134-135; Cole, "Down With Unemployment," *The Guildsman*, January, 1921; Hobson, "Industrial Maintenance of the Unemployed," *The Guildsman*, February and March, 1921; Hobson, *Guild Principles in War and Peace* (London, 1917), pp. 59, 60, 120-123.

[28] *See infra*, Sec. ii-2.

upon the budgets of the various Guilds, including their provisions for pay.

A related difficulty is whether "pay" would be equal or unequal as between different Guilds, and also, as between various members of the same Guild. Mr. Hobson offers a fairly simple solution, but one with which his fellow Guildsmen do not all agree. According to him, there would be a uniform rate of remuneration, *as between Guilds,* arrived at by dividing the total sum available for pay at—say, the beginning of the fiscal year—by the total number of Guildsmen in the commonwealth, and multiplying the result by the number in each Guild. That is, if there were $1,000,000,000 in the "wage fund," or rather, "pay fund," and 1,000,000 Guildsmen to be provided for, and 5,000 members of the Teachers' Guild, that Guild would receive $5,000,000 for the pay of its members.[29]

As between members of the same Guild, Mr. Hobson thinks that, for the time being, the Guild would allow inequality, but that eventually equality might come. He would, however, leave the matter entirely to the Guild in question, thus aligning himself with the group which would allow no outside interference with the Guild's financial arrangements.

Mr. Cole holds to a similar view: that equality is the ideal —is in fact "the only solution of the problem of income"— but that, for a good while to come, "some inequalities of remuneration are likely to persist." As already indicated, he would leave the settlement of remuneration *between Guilds* to the Guild Congress.[30]

[29] The similarity of this idea to the classic wage-fund doctrine is apparent. Mr. Hobson seems to hold a sort of wage-fund theory as regards the present system. *Cf.* Hobson, *Guild Principles in War and Peace,* pp. 116, 117.

[30] Cole, *Guild Socialism Re-Stated,* pp. 71-73; Hobson, *National Guilds,* pp. 137-138; Reckitt and Bechhofer, *Meaning of National Guilds* (second edition), pp. 184, 189.

The Douglas-Orage Scheme attacks the whole problem of "pay" from an angle entirely different from that taken by the majority of Guildsmen. Its protagonists declare that "the *dividend* is the logical successor of the wage, carrying with it privileges which the wage never had and never can have, whether it be rechristened pay, salary, or any other alias."[31] From their viewpoint, the whole matter of pay would be of secondary consequence. They believe that there would be only a minority of the population engaged in "economic industry" and that the workers thus engaged would be remunerated for extra efficiency and managerial work by "an extension of facilities" for the exercise of their capacities. That is, they would be assured their dividend, and would receive whatever additional reward was needed to call out their best efforts through "improvement of grade."[32] The fixing of the social dividend would be the work of the agents of "the community as a whole."

The Guild Socialist position is, then, that the Guild would provide "pay," throughout an individual's connection with it; that there probably would be "gradations" between varying degrees of skill; and that, eventually, something approaching equality is to be hoped for; but there is no generally held Guild Socialist theory concerning the authority for fixing pay, or the principle for adjusting remuneration between different Guilds. This last point deserves particular note, for, as is clear, the settlement of the rates of pay between different individuals would depend largely on the total income of the Guilds to which they belonged; that is, a low-paid member of a wealthy Guild

[31] Douglas and Orage, *Credit Power and Democracy*, p. 43.

[32] Douglas, *Economic Democracy*, pp. 110-111; Douglas and Orage, *Credit Power and Democracy*, Chap. i; Douglas, "The Mechanism of Consumer Control," *The New Age*, December 30, 1920. At one point Mr. Cole approaches this position, though he has consistently opposed the Douglas-Orage Scheme. Cole, *Guild Socialism Re-Stated*, pp. 72, 73.

might be infinitely better off than a high-paid member of a poor Guild. Again, the question of *price* is intimately bound up with this whole problem.

II. Inter-Guild Relations

The concluding portion of the preceding section shows that an important feature of the Guild Socialist arrangements for the future is the provision for transactions between various Guilds. The Guildsmen have appreciated the need for a policy in this matter, and have arrived at a fairly definite body of doctrine. They believe that the Guilds would carry on business with each other, and would settle disputes through (1) "liaison" and (2) a system of Guild Councils.

1. *"Liaison"* would be provided for by the equivalent of present-day interlocking directorates. They would be particularly useful to Guilds related to each other as buyer and seller—for example—the Mining and Transport Guilds, in regard to coal, or the Textile and Clothing Guilds in regard to cloth. An exchange of representation upon their several governing bodies would, it is thought, enable the Guilds to understand each other's problems and needs and to work together much more smoothly than would otherwise be possible.[38]

2. *A system of Guild Councils* or Congresses would dispose of questions upon which individual Guilds could not agree, and would also discuss questions of policy affecting all of the Guilds. These Guild Congresses would be local, regional, and national in scope, and would take over a large part of the legislative and administrative functions which are now exercised by the State in its various branches, on the one hand, and by the Trade Union Congress and local

[38] Hobson, *National Guilds*, pp. 230-231; Cole, *Guild Socialism Re-Stated*, pp. 68-69.

trades councils, on the other. Thus, the adjudication of jurisdiction and other inter-Guild disputes, general standards of safety and health, and "laying down and interpreting the essential principles of Guild organization and practice" would come within their purview. An additional and very important task of the Guild Congresses would be the representation of the "producers' outlook" in negotiations with representatives of the "consumers' outlook," in matters of importance to the community as a whole.

Certain financial powers would be given the Guild Congresses, though there is no clear uniformity of opinion among Guildsmen as to what they would be. It seems agreed that the Guild Congresses would assess whatever taxes were needed in the form of a lump-sum levy on the several Guilds. Besides, some Guildsmen would have these bodies pass final judgment on the entire budgetary arrangements of the Guilds, usually in consultation with the corresponding consumers' organizations.[84]

The influence of Syndicalism may be observed in this connection. The Guild Councils are the Guild Socialist equivalents for the industrial parliaments of the Syndicalists. The Guild Socialists, however, make far greater provision for the community as a whole than do the Syndicalists.

III. The Guilds and the Community

The relations of the Guilds both separately and collectively with the community have been the subject of some of the most distinctive and interesting Guild Socialist doctrines. It has been seen that many of the differences between Guildsmen have related to political and social theory. Accordingly, it is to be expected that, in their spec-

[84] Hobson, *National Guilds and the State*, pp. 140-141; Cole, *Guild Socialism Re-Stated*, pp. 69-71; Reckitt and Bechhofer, *The Meaning of National Guilds* (second edition), pp. 197-202.

ulations concerning the political structure of the Guild Socialist commonwealth, the divergencies between the rival schools of thought would appear in sharp contrast. This is true to such a degree that, except for certain miscellaneous provisions, a consistent statement of Guild principles in this connection is impossible. Hence, the position of the Guilds in society can only be discussed in terms of: (1) miscellaneous provisions; and the several rival theories, namely (2) the civic-sovereignty theory; (3) the Guild Commune theory, and (4) the Douglas-Orage Scheme. In all three of those proposals for the general structure of the Guild Socialist commonwealth, financial provisions play a prominent part, for among the most important questions of Guild policy in which the community as a whole is interested are those connected with questions of banking, currency, taxation, and price. That is, though in Guild Socialism the major emphasis may be on production rather than distribution, nevertheless, in common with all schemes of radical reform, it must of necessity have definite proposals to make concerning the distribution of wealth. It should also be pointed out that many of the questions relating to the practicability of Guild Socialism depend upon the answers the Guildsmen have to offer to these questions relating to the economics of the future Guild society, and that Guild Socialism has not reached any final conclusions on these questions in which the whole success of their proposals is involved.

1. *Miscellaneous provisions* of various sorts concerning the relation of the Guilds to the community have been settled with considerable definiteness by the Guildsmen. The most important of these relate to *independent occupations*. The discussion arising out of the definition of the Guild developed the fact that certain Guildsmen have argued for the granting of monopoly privileges in the Guilds, while others have objected to such provisions. The

Guildsmen all believe that certain occupations, at any rate, would not be "Guildized." Such pursuits as the ministry, the arts, journalism and invention would be conducted by men working "on their own time," receiving voluntary support from individual citizens, or, possibly—in the case of inventors—subsidized by certain Guilds. Again, the Guild Socialists agree that private industry of some sort or another would persist in other directions. Especially in the case of "small workshops and craftsmen" would there be a tendency to remain outside of Guild organizations, and the same might also be true of other and larger enterprises. The Guildsmen believe, nevertheless, that their system would apply to the vast majority of usefully engaged persons in any community, and believe further that those industries remaining outside the Guild structure could be regulated sufficiently to maintain Guild standards by a system of licenses.[85]

Another point concerning the relations of Guilds and the general public upon which Guildsmen seem certain is the *right to strike*. In the last resort, they maintain that the Guilds of the future would continue to hold the privilege, claimed by the trade unions out of which they grew, of expressing, by striking, their disapproval of any policy the Guild Congresses or the community at large might try to foist on them. Only thus, the Guildsmen believe, could the industrial freedom that provides the *raison d'être* for much of their propaganda be maintained. On the other hand, the Guild community could, through its control over all the processes of production and distribution, enforce an economic boycott against the offending Guild which would prevent it from using its right to strike in any but extreme cases. It should also be said that the Guildsman

[85] Cole, *Guild Socialism Re-Stated*, pp. 64-67; Hobson, *National Guilds*, Part II, Chap. vi; Reckitt and Bechhofer, *The Meaning of National Guilds* (second edition), pp. 204-205.

believes most of the root causes leading to strikes in the present society would be absent in the régime which he envisages.[36]

Guildsmen also seem fairly well in accord in regard to certain *communal functions,* such as international relations, defense, the preservation of order,[37] and issue of currency. All of these duties would be left to whatever body was representative of the whole community: the State, according to one group, the Commune, according to another. At all events, they would not be assigned to any Guild or Guild Congress, except in so far as the civil services were partially "Guildized." One exception should be made to this statement in so far as it applies to international relations, such as the consular services carry on. The Guildsmen believe that these would be conducted by special representatives of the Guilds, or of groups of Guilds.

Excepting for the Douglas-Orage group, the Guildsmen have had little to say concerning the extremely important question of currency. Mr. Hobson is the most explicit of those not adhering to the Credit Scheme. He would revive the device attempted by the Owenites, namely, the creation of labor notes, based upon labor time. These notes Mr. Hobson would call "guilders." The details of the Douglas-Orage plan will be given in the section devoted to their theory. It may be observed here that their program, as well as Mr. Hobson's, calls for the dropping of the gold standard, at least in domestic exchanges.[38]

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[36] Hobson, *National Guilds,* p. 231; Cole, *Guild Socialism Re-Stated,* pp. 156-157.

[37] This phrase should be taken in a broad sense, as including a good part of civil and criminal legislation and administration, marriage and divorce, fraud, and the like.

[38] Reckitt and Bechhofer, *Meaning of National Guilds* (fourth edition), pp. 234-236; Hobson, *National Guilds,* pp. 31, 181-183, 259-263; Taylor, *The Guild State,* pp. 113-116; Cole, *Guild Socialism Re-Stated,* pp. 151-155.

A fourth point regarding the Guilds in their relation to the community has already been mentioned. In the matter of *taxation,* Guildsmen generally believe that whatever funds would be needed by the community at large would be levied on the Guilds in their collective capacity through a "substitute for economic rent." That is, whatever surplus profits were earned by the Guilds, and were not required for depreciation, capital provision, insurance funds, and the like, would be drawn off for communal use, just as the single tax would draw off all the surplus return on a piece of land for public purposes.

Such a provision would not only offer a simple means for providing the community with funds, but it would also, the Guildsmen believe, effectually discourage any tendency to "profiteer." For, they argue, where would be the motive on the part of a Guild for raising prices, adulterating goods, restricting output, falsely stimulating demand, or resorting to any of the devices the "profit monger" of to-day practices in order to enhance his income, if all its profits in excess of its needs for pay, improvements, and maintenance were to be automatically absorbed by the Guild Congress on behalf of the community?[39] It might be retorted, as has already been suggested, that not a little exploiting of the community could be carried on by a Guild, without showing a cent of surplus profit, if only its bill for pay could be made large enough. In so far as the Guildsman has an answer to this criticism, it rests upon the means he provides for obtaining recognition for the needs and will of the public at large from the Guilds.

2. *The Civic-sovereignty theory* has already been outlined.[40] According to its exponents, the State would retain its sovereignty, but would be shorn, or rather relieved,

[39] Hobson, *National Guilds,* p. 150; Cole, *Self-Government in Industry* (fourth edition), pp. 237-238.

[40] *Cf. supra,* Chap. v, Sec. i-2.

of most of the actual duties of administration. The Guilds, on the one hand, and the government, on the other, would conduct the greater number of necessary social functions, leaving the State free to express the *civic* interests of the community. That is, the representation of the individual in his capacity, not as producer or consumer, but as *citizen*, would be the province of the State. Further, since "this citizenship, this sense of nationality operating in the individual consciousness, is the greatest fact in the life of a democratic people," which "contains and comprehends the lesser motives and interests," the State, which is its organ, would have sovereign power.

Two important practical consequences result from this claim for giving the State a spiritual sovereignty. First, the Guilds would have no *final* authority—would not, in fact, even own their own plants and tools, but would hold them in more or less of a trustee capacity, at the pleasure of the State. Disputes between Guilds or between Guilds and consumers, or between the National Guild Congress and the community as a whole would find their highest court of appeal in the State.

The second practical deduction from the civic sovereignty theory is that, so long as there were no deadlocks, the Guilds and the Guild Congress would enjoy *complete independence of action*. There might be consultation between producers and consumers, and interchange of executives between various Guilds, but, provided there were no interference from the State—a step which, it might be assumed, would be taken with relative infrequency—the Guilds would be free to make what goods they pleased, charge what prices they pleased, pay what wages they pleased, and make what provisions for capital they pleased—or could.

There would be an opportunity for interference by the Guild Congresses if a dispute between Guilds arose concerning prices—as between the Mining and Transport

Guilds, for example. But there would be no authoritative agency for dealing with a consumer's grievance against a Guild's prices or practices, other than the State and distributive Guilds.

This independence of action would be especially striking in regard to Guild finance. Regarding banking and the provisions of capital, Mr. Hobson, the chief proponent of the civic-sovereignty theory, would allow each Guild to set up its own bank, and to arrange for its own "standing charges."

In the matter of price, Mr. Hobson hopes that labor-time would eventually be chosen as the standard of value. Since the price received for its products would determine the income of the Guild, and of its members, the provision for valuation according to labor-time would result in the possibility of there being equality of pay, which Mr. Hobson has been shown to favor. Nevertheless, he perceives that both between Guilds and within the Guild, complete equalization of price and income on the labor-unit basis could not be reached for some time to come. It would, for the time being, "be left to the interplay of the labour monopoly between the several Guilds," with the Guild Congress, and, eventually the State, to settle disputes—all of which sounds very much like going back to something similar to the fixing of prices and wages in the market, and thus, after all, adhering, at least provisionally, to a "commodity theory of labour."[41]

This group, then, would give the State an absolute sovereignty in theory. Yet, by denuding the State, or any other body save the Guilds and the Guild Congresses, of any active economic functions, it would, in practice, throw upon the Guilds and their Congresses virtual autonomy in a vast number of questions in which the community at

[41] Hobson, *National Guilds*, Book II, Chaps. viii and xvi; *National Guilds and the State*, Chaps. vii and ix; "Guilds and Their Critics," *The New Age*, November 1, 1917.

large would be interested. Chief among these would be questions of price, and with them, the relative wealth of different Guilds.

One qualification to these statements should, however, be made. It refers to taxation. As pointed out above, the "substitute for economic rent" would be levied on the Guilds, and according to the civic sovereignty school, the State would impose its tax levy directly on the Guilds. In carrying out this function, it would have an opportunity for bringing its influence to bear normally and constantly upon the financial policies of the Guilds.[42]

3. *The Guild Commune theory*[43] is the opposite of the civic sovereignty doctrine in many respects. It denies sovereignty to the State, and almost denies it any functions at all. But it sets up a "commune" instead and gives it a much closer connection with the activities of the Guilds than the "citizen State" would have.

The commune would be organized locally, regionally, and nationally, the same general type of organization applying to each. Since the National Guilds would be decentralized, the local commune would probably be the most important, in the matter of the relations of the Guilds to the general public. The local commune's provisions in regard to its composition and to its powers and duties may be taken, therefore, as typical.

The *composition* of the commune would be determined on the principle of producers' and consumers' representatives. The bodies in the commune, from which would be

[42] Hobson, *National Guilds and the State*, p. 141.

[43] *Cf. supra*, Chap. iv, Sec. i-2. This theory has undergone many modifications. The version described here is the most recent, and is fully set forth in Cole, *Guild Socialism Re-Stated*, Chaps. iv-viii. Unless otherwise noted, the quotations in this section are taken from that source. The writer has also drawn upon his notes of a lecture given by Mr. Cole before the Fabian summer school on August 17, 1920, and an interview with Mr. Cole later in the same month.

chosen delegates holding the producers' outlook, would be the industrial Guilds Congress and the civic Guilds. The constituencies from which those upholding the consumers' point of view would be elected would be the coöperative society, the "Collective Utilities Council," the "Health Council" and the "Cultural Council." The first of these three has already been described.[44] The Collective Utilities Council would be something in the nature of a successor to the present municipal councils,[45] in so far as their activities relate to public utilities, such as gas, electricity, water, street railways, and similar interests. The Health Council would, likewise, take over those functions of the present public bodies having to do with health, sanitation, hospitals, "and other amenities of physical life. Similarly, the Cultural Council would assume the functions of the boards of education, and would also be concerned with "the communal recognition" of "the whole of the dramatic and musical professions" as well as "Art Galleries, museums, libraries, and similar institutions." These various consumers' councils would not only send delegates to the Commune, but would, besides, deal directly with the appropriate Guilds, or groups of Guilds. Thus, the Cultural Council would take up matters of education with the Educational Guild, and of drama with the Dramatic Guild; while the Collective Utilities Council would discuss the street railway service with the Industrial Guild responsible for its conduct, and so on.

The Commune of a city or town would then be made up of delegates from the following:

(a) A number of Industrial Guilds organising and managing various industries and economic services united in a Guild Council of delegates or representatives drawn from these Guilds; (b)

[44] *Cf. supra*, Sec. i.
[45] Ordinarily called "local authorities" in England.

a Co-operative Council; (c) a Collective Utilities Council; (d) a number of Guilds organising and managing various civic services—Civic Guilds; (e) a Cultural Council; and (f) a Health Council.[46]

In addition, there might be certain territorial representatives, chosen on, say, a ward basis.

The regional Commune would be similar, excepting that it would contain delegates from both town and country, and that the Agricultural Guilds might have special representation. Territorial interests would be attended to by members, chosen from the various urban and rural administrative areas.

The National Commune would be made up of "the representatives of the National Guilds, Agricultural, Industrial and Civic, of the National Councils, economic and civic, and of the Regional Communes themselves."

The *powers and duties* of the Commune would fall into five general categories:

(a) Financial problems, especially the allocation of national resources, provision of capital, and, to a certain extent, regulation of incomes and prices.
(b) Differences arising between functional bodies on questions of policy.
(c) Constitutional questions of demarcation between functional bodies.
(d) Questions not falling within the sphere of any functional authority, including general questions of external relations.
(e) Coercive functions.[47]

The first three may be further classed as coördinating functions. The second and third activities of the Commune, namely, settlement of differences arising between various bodies on questions of policy, and "constitutional

[46] Cole, *Guild Socialism Re-Stated*, pp. 124-125.
[47] *Ibid.*, pp. 139-140.

questions of demarcation," are self-explanatory. Normally such disputes would be adjusted by direct negotiations between the Guilds concerned, or by the appropriate Council—thus, the Industrial Guild Council would dispose of most of the jurisdictional disputes, as the American Federation of Labor settles analogous difficulties between trade unions to-day. The Commune would be only the authority of last resort in these questions.

The first set of duties, those having to do with financial problems, require more detailed elucidation. They would relate to price, pay, capital provision, and banking. In all these questions the community would be concerned. It is obvious how this would be the case in regard to price, and—since price and pay would be related—the interest of the public in these features of Guild finance also is manifest. The reason for the Commune's participation in capital provision and banking becomes clear after brief consideration of the implication of such activities. Capital provision[48] involves, in the first place, questions of general policy. For example, should a railroad be extended to "tap" a new territory, should a new union-depot be built in a town; should heavy outlays be made for the electrification of the terminal tracks? The community as a whole would be affected by the decision adopted in such cases, and would want a share in reaching them. Again, capital provision is ultimately an "allocation of communal labour power." That is, manifestly, money spent on the "betterment and improvement" of a railroad could not be spent on something else at the same time, and the labor and tools devoted to it could not be used on another project; so that, in reality, capital provision of any sort would mean the

[48] Capital provision is used here in the broad sense, as any expenditures—usually in the form of additions or improvements in permanent plant and fixtures—designed to increase the productive capacity or efficiency of an enterprise, and requiring several years before its value can be recouped by the enterprise.

devotion of labor, tools, and other productive forces to *that one* enterprise in preference to others.[49] To state the point concretely, the investment of a sum of money on a new union-depot would mean that the productive energy purchasable by that money could not be spent on—say—a new park, a community theater, or a subsidy for the purpose of lowering the retail price of bread. These considerations are sufficient to demonstrate that the community at large, which would be generally affected by any Guild's capital expenditures, and which would have to foot the bill for them, would have a very lively concern in the policies of the Guilds in this respect. Since, moreover, credit issue is a banking function, and, since credit, in turn, affects price levels and currency; since, moreover, capital provision may be operated through bank loans, the community's interest in banking is readily explicable.

The Commune then, local, regional, or national, as the case might be, would review the budgets of the Guilds, with an eye especially to their pay accounts and their charges for additions and improvements; would be the final price-fixing authority; and would supervise the policy of the Guild banks, much, perhaps, as the Federal Reserve Board controls in a general way the operations of its member banks.

Once more, it should be said that the Guildsmen hope that "in practice, the greater part of all this detailed financial work would not be done by the Commune at all, but directly and in consultation by the various functional bodies. Only those needing settlement and general questions of principle would normally come before the Commune."

As indicated previously, the Guilds would be taxed

[49] Clay, *Economics for the General Reader* (American edition); Boehm-Bawerk, *Positive Theory of Capital* (English translation, London, 1891), Book V.

through the drawing off, by the agent of the general public, of their surplus earnings. Under the scheme adumbrated by the advocates of functional democracy, the Commune would "determine . . . all forms of provision at the communal expense," and "any surplus realized by a Guild in its annual working would pass to the Commune for allocation, or be set off against the claim of communal services on the productive Guilds as a whole."

Of the last two sets of functions falling to the Commune, one group, "questions not falling within the sphere of any functional authority," has already been discussed in relation to the *general functions* which Guildsmen of various schools would allocate to whatever body represented society in general.[50] The theory under consideration would designate the Commune as such a body, and would, accordingly, assign to it: first, "tasks which . . . must be retained in the hands of the body which exercises the task of coördination," such as international relations, and national defense; second, the settlement of boundaries, as between various towns, regions, and the like; third, a group of important functions which do not fit into the general functional scheme, particularly the preservation of public order, and "questions of personal conduct and of personal property relations."

It is interesting to note that the most prominent advocate of this theory would give the State authority *only* over this single group of functions.[51]

The last set of functions, those relating to coercion, would be applicable both to individuals[52] and groups. That is, the Commune would be the repository of whatever force would be necessary to make any Guild or group of Guilds,

[50] *Cf. supra*, Sec. iii-1.
[51] Cole, *op. cit.*, p. 155.
[52] Particularly, of course, in the interests of public order and security.

or other functional body amenable to its decisions. It is hoped, however, by the proponents of this plan, that the elaborate provision they have made for consultation and special representation would reduce to a vanishing point the need for any other force but "the pressure of argument and communal opinion." They place particular reliance on the latter, since they feel that the Commune would enjoy a much wider respect than does the State today, and that any group defying its wishes would be universally condemned. Still, they would not abandon resource to coercion—probably in the form of a boycott—"as a last and desperate remedy."

One general observation should be made concerning the Commune; in all its deliberations, the Guild Congress would have an important part, so that the Guilds would have a voice in settling their financial and other policies. The Commune would not, then, be merely a State with a new name. It would be a joint body, representative of all the major interests and functions in the Guild society—local, regional, or national. Nevertheless, it should further be pointed out that, although no one body—much less the State—would hold sovereign power, nevertheless, the Commune—*provided it reached an agreement*—would have the substance, if not the form of sovereignty, including the sanction of coercion, and would, further, through its share in the financial operations of the Guilds, have an opportunity for wielding this power in such a way as to exercise a very large degree of control over the most important features of Guild administration and policy. It seems clear that the working of this theory, specifically denying sovereignty to anybody in the interests of the autonomy of the groups composing society, would—or at least might—result in a far greater degree of interference with group autocracy than that theory, which formally endows the State with final sovereignty, but provides few opportunities

for its being brought to bear upon the Guilds.[53] Whether, however, a Commune so constituted could reach an agreement on any especially controversial point of policy is at least open to question, and must receive further consideration in the critical portion of this work.

4. *The Douglas-Orage Credit Scheme* clearly recognizes the point just made with reference to the plan for functional democracy, namely, the great authority over administration that would be resident in any body which could control the financial resources of a community. The Credit Scheme rests, in fact, entirely on this principle, and its advocates specifically declare that "Real democracy is . . . the effective expression of the *policy* of the majority," that "the last word on *policy* is with finance," and that, therefore, "to democratize the *policy* of production, we have to democratize the control of credit."[54] Further, the authors of this scheme are very clear that it is the *consumers* they have in mind when they speak of democratizing credit control. That is, "the Douglas Scheme is essentially one of consumer-control of policy."[55]

If it is asked where the Guilds would have any self-government at all, the protagonists of this plan reply that the Guilds would be given authority over *administration*, as distinct from *policy*. That is, the consumers would decide what goods the Guilds were to make, or what services they were to render, and what prices they were to charge, but the Guilds would be free to make the goods or render the services in the manner which seemed best to them.

As to whether the Guilds would select their own administrators by "election from below," Messrs. Douglas and Orage are not certain. On the one hand, the higher offi-

[53] *Cf.* Hobson, *National Guilds and the State*, p. 126.

[54] Douglas and Orage, *Credit Power and Democracy*, pp. 6, 8. Unless otherwise noted, quotations in this section are taken from that work.

[55] "Towards National Guilds," *The New Age*, February 24, 1921.

cials would probably be selected by the agencies of the consumers, since their appointment and removal would be matters of policy. On the other hand, under the policy of a Social Dividend, as already shown, relatively few members of the community would engage in economic industry, and these would be under no compulsion to do so; accordingly they would have to be given as large a degree of self-government as they desired, or they would not volunteer for industrial work at all. It is likely that the authors of the Credit Scheme are willing not to dogmatize too closely as to how much and what form of industrial democracy would be accorded the "administrators of process," because they believe that with all the population receiving a Social Dividend, the question would solve itself, since the consumers would have to give the producers any working conditions—within reason—that they demanded, or go without their services.[56]

It remains to be seen, however, how the consumers would control credit as a means of achieving power over policy. In order fully to do this, however, it is necessary to enter into the details of the Credit Scheme, the description of which properly belongs in the next chapter. At this point it is necessary to say only that the consumer would maintain his hold on the production policy of the Guilds through grants of credit to the Guild Banks, and through price fixing, and that the agency for both these functions would be the State. That is, the Treasury, which is to-day the accredited government agency for issuing money, would "issue a Credit, either in the form of Treasury notes[57] or Credit convertible into currency," to a Bank of any Guild whose operations the consumers, through the State,

[56] This statement is based on an interview with Messrs. Douglas and Orage in September, 1920. *Cf.* also "Notes of the Week," *The New Age*, July 14, 1921.

[57] The English Treasury note to-day is a piece of convertible paper, like the United States note, or "Greenback."

desired to foster. If the consumers did not approve of any Guild, they could speedily bring to bear sufficient pressure to force an alteration of its policy, by the simple expedient of withholding credit from it. Price fixing would also be consummated by an agency of the State. There can be no doubt but that, of all three plans for the Guild Commonwealth, this third one contemplates the least dislocation of the present political and social structure. This feature is, in fact, claimed as a virtue for the Scheme, its authors pointing out that nothing more "revolutionary" in the commonly accepted use of that term would be required, than merely a transposition of the balance of financial power from private hands to the State, acting on behalf of the consumers; so that their project would provide a means "for bridging over, without social catastrophe, the interregnum between Capitalism and Economic Democracy."[58]

In this respect the Douglas-Orage Scheme stands in sharp contrast to the other Guild Socialist schools of thought, as the next chapter will show.

[58] "Towards National Guilds," *The New Age*, January 1, 1920.

CHAPTER VII

THE TACTICS OF GUILD SOCIALISM

ANY program of action is strongly influenced by the end towards which it is aimed. Conversely, any ultimate ideal often takes on the characteristics of the means adopted for reaching it. In the case of Guild Socialism, this general principle finds peculiar application, for, not only are the Guildsmen split into rival schools of thought as regards their ideal commonwealth, but they are also divided as to the tactics to be adopted for reaching it. As might be expected, these divergent plans for ushering in the Guild Socialist commonwealth correspond in part to the various schemes for the social structure of that commonwealth, but the correspondence is not complete. However, all Guildsmen seem substantially united in regard to certain prerequisite steps which they feel must be taken before the journey along any one of the various roads "towards National Guilds" may be begun. The discussion of the Guild Socialists' policy for "transition" will begin with these (1) "first steps," and will then take up the rival plans of campaign, namely (2) the policy of "supersession"; (3) the policy of "encroaching control"; (4) the policy of experimentation; and (5) the policy of credit control.

I. "FIRST STEPS"

The "first steps" towards the ushering in of Guild Socialism are, it is generally agreed, in the nature of a reorganization and consolidation of forces, mainly in the "trade-union world." The Guildsmen believe that there

should be (1) a redirection of trade-union policy; (2) a reorganization of trade-union structure; and (3) an expansion of trade-union membership.

1. *The redirection of trade-union policy* is in line with the revolutionary trade unionism that has reappeared, after a lapse of seventy-five years, in British labor. The Guildsmen believe that the trade unions should cease to become mere agencies for bargaining and for mutual benefit "within the wage system," and should, instead, become what the Owenite unions, and the French Syndicalist unions aimed to be—instruments for the transformation of the existing economic order. They would urge trade unionism to throw off its acquiescence in "the *status quo* as between itself and the employers" and, instead, to take "as its object the organization of all workers . . . and as its ultimate aim, the control of industry, for the complete abolition of the wage-systems."[1] The Guildsmen do more than urge the trade unions to assume "a more constructive and revolutionary spirit." They propose two specific features of policy to the unions: industrial action rather than political action, and the adoption by the trade union of the rôle of a Guild in embryo.

The policy of industrial action, it is clear, has been a *leit motif* of Guild propaganda. The reaction from political laborism played a decisive part in the original enunciation of the doctrines of the National Guildsmen, and there has been no abatement of their demand that labor should abandon its preoccupation in politics, and no slackening of their insistence "that economic methods are essential to the achievement of economic emancipation—that political methods are useless, because all political action follows

[1] Hobson, *Guild Principles in War and Peace*, pp. 15, 28. A part of the passage quoted has been, in turn, quoted by Mr. Hobson from a resolution passed by a Leeds trade union group, and serves to show how closely the Guildsmen have aligned themselves with the "rank and file" trade union movement.

and does not precede economic action; that economic power is the substance and political power is the shadow," and that, therefore "nothing can destroy the dictatorship of capitalism except the taking away of the possessions on which its economic and social powers are based—its economic power is the thing at which Labour must strike."[2]

The adoption by the trade union of the rôle of a Guild in embryo has also been a dominant feature of Guild Socialism since Mr. Penty, in 1906, echoed Ruskin's suggestion, and pointed to the trade-union movement as "the first force which will be instrumental in restoring the Gilds."[3] The Guildsmen continue to hold that "if Guild Socialism is to come, it can be built only on the trade-union movement,[4] that "the Guild can be fostered by us all, but it is by the workers that it must be built."[5]

All the various programs for Guild tactics accept this postulate, that the trade union of to-day is the Guild of to-morrow, and that it must, furthermore, "work out its own salvation" and fight most of the battles which are to make its transformation possible—that it is, in short, "the egg which Liberty laid in Capitalism to destroy the wage system."[6]

2. *The reorganization of trade-union structure* is the first practical step the Guildsmen urge upon the working class organizations, as a means for making effective the revolutionary policy that they advocate. The Guildsmen believe that trade unionism to-day is unfitted for its true

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[2] Hobson, *National Guilds*, p. 64; Pamphlet, *The Policy of Guild Socialism* (London, 1921). The quotation has been intentionally made out of two passages, to show how continuous has been the Guild Socialist doctrine in this respect from 1912 to the present. *Cf.* also *supra*, Chap. v, Sec. i-2, p. 142.

[3] Penty, *Restoration of the Gild System*, p. 73.

[4] *The Guildsman*, September, 1919, p. 1.

[5] Reckitt and Bechhofer, *Meaning of National Guilds* (second edition), p. 147.

[6] Orage, *Alphabet of Economics*, p. 153.

task, because it is ill suited either to fight battles against the "capitalist," or to take over the control of industry. Three new features of structure are urged as a remedy for both weaknesses: Industrial Unionism, the shop basis of organization and the closer integration of all trade-union forces.[1]

Industrial Unionism is, as has been shown, the form taken by the French Syndicalists and the American I. W. W., and the example of these revolutionary labor organizations, has undoubtedly influenced Guild thought. British, like American, trade unionism, is typically built on *craft* rather than *industrial* lines. For example, a textile plant would not be organized into a single textile union, but into an engineer's union, a fireman's union, a machinist's union, and various textile operatives' unions. The tactical weakness of this arrangement is manifest. The employer can—and often does—follow the principle of "divide and conquer." The skilled trades can be induced to "stay on the job," while the unskilled and more easily replaced trades are on strike; wage agreements can be dated to end at different periods, so that the employer can meet the demands of his workers piecemeal, and not have to face an accumulated volume of grievances at the same moment; strike funds can be divided, the contributions of the better-paid skilled trades not being available to supplement those of the unskilled; solidarity may be broken, jealousies may be fostered—in short, labor may be effectively prevented from presenting a united front to "capital."

Again, a complex of craft organizations is unsuited as

[1] The best discussions of these features of Guild propaganda are Reckitt and Bechhofer, *Meaning of National Guilds* (second edition), Chap. iv; Cole, *Self-Government in Industry* (fourth edition), Chap. iii; *The World of Labour* (fifth edition), Chaps. vii, viii, and xii; *Introduction to Trade Unionism* (London, 1918), pp. 46-58, and Part IV.

a means for the taking over of industry. However dear to the worker his craft affiliations may be, modern business is organized on the *industrial,* not the craft, basis, and will probably continue to be so. The Guildsman realizes this fact, and, accordingly, urges the worker to rebuild his trade union on the same lines as his industrial control today; so that he may, at the proper moment, use his organization "as the framework on which a true democracy in industry can be built."[8]

It is worth noting that some of the more revolutionary English trade unions, the Miners' Federation of Great Britain and the National Union of Railwaymen, are, in fact, industrial and not craft unions, and that one of them, at least, is definitely aligned with the Guild Socialist program.[9] This fact gives color to the contention of the Guildsmen, noted in the historical portion of this work, that their doctrines run "with the grain" of radical trade-union thought, and take on much of their vitality from the fact that they give systematic expression to ideas which the "advanced" trade unionists already hold.

The shop basis of organization is likewise a tenet of revolutionary trade unionism, forming an integral portion of the ideology of the shop-stewards' movement. In advocating the substitution of the *place of employment* for the *place of residence* as the primary unit of trade unionism, the Guildsmen advance much the same line of argument as they do in regard to the merits of industrial as opposed to craft unionism. They hold that the shop local branch would be a more efficient fighting organization than that based on residence, and would form a more suitable basis for the Guild of the future.

The Guildsmen hold, in common with the shop stewards'

[8] Reckitt and Bechhofer, *Meaning of National Guilds,* p. 73.
[9] *Cf. supra,* Sec. III-1, Chap. iv,

leaders,[10] that the workshop organization is to be the means for "carrying on the class-war," chiefly because it provides a means of "concentrating local enthusiasm and local industrial power, where these two elements are always to be found—in the workshop." They hold that the workshop is the point of common interest, where workmen feel the same grievances, and can achieve "common expression." They believe, further, that it affords a means for quick and effective action against the employer. In this they follow the leaders of the shop-stewards' movement, and point to the enthusiasm with which that movement was greeted by British workingmen during the war, despite the penalties such action enacted, as evidence of the validity of their contention.

Other arguments are advanced in favor of the shop branch policy. One is that it offers a counterpoise against trade-union "bureaucracy," the other, that it paves the way for industrial unionism, since it breaks down craft jealousies and so provides a means by which trade-union "amalgamation" may be accomplished "from below by the rank and file."

The argument in favor of the shop branch as the local unit for the future control of industry is similar to that advanced in support of industrial unionism: it corresponds to the actualities of industrial organization.[11]

Besides these general grounds for advocating the workshop plan of organization, an additional point is put forward by that group of Guildsmen adhering to the policy of "encroaching control." They assert that their program

[10] *Cf.* also resolution passed by the National Guilds League in 1919 on this subject, quoted in the Pamphlet, *The Policy of Guild Socialism.*

[11] Hobson, *National Guilds and the State,* Part II, Chap. ii; Reckitt and Bechhofer, *Meaning of National Guilds* (second edition), pp. 96-102; Cole, *Self-Government in Industry* (fourth edition), pp. 63-67.

must be realized, in the first stages at least, by shop committees, and, accordingly, they place particular emphasis on a form of trade-union reconstruction increasing their importance.

The closer integration of all trade-union forces would, the Guildsmen believe, be a necessary step in the mobilization of labor for its combined task of attacking and replacing the possessors of industry. They maintain that the trade unions must work out more efficient agencies for reaching common decisions and for achieving common action than is at present offered by the feeble local Trades Councils, and the relatively functionless Trade Union Congress. They have not offered any very definite suggestions, but have contented themselves with commenting favorably upon such developments as the recently shattered Triple Industrial Alliance, and "General Staff for Labour," and with emphasizing the need for "the unification and coordination of the whole force of Labour." Though the specific measures they suggest in this connection are not definite, their general purpose is clear: "All unions must be linked up into one great industrial army of Labour. This army will have its divisions, battalions, and regiments; but it must be a single army, capable of acting as a coherent whole."[12]

The whole of this Guild Socialist program for the reorganization of trade unionism has been effectively summarized in a resolution of the National Guilds League:

> This Conference urges the workers, in order to fit Trade Unionism for the control of industry, so to proceed with the amalgamation and consolidation of Trade Unions as to link up all Unions into a single body with internally autonomous sec-

[12] Pamphlet, *The Policy of Guild Socialism*. *Cf.* also Cole, *Guild Socialism Re-Stated*, pp. 194-195; *Self-Government in Industry* (fourth edition), pp. 70-74; Reckitt and Bechhofer, *Meaning of National Guilds* (second edition), pp. 79-95.

tions for the various industries and services, with provision for the full representation of various classes of workers by hand and brain, and with the workshop, or similar economic unit, as the basis of the whole system of administration and direction of policy.[13]

3. *The expansion of trade-union membership* is advocated by Guild Socialists for the same reasons that they would have the trade unions reorganized: they believe it is necessary to make the unions fit to carry on their warfare against the "possessing classes," and to fill their future rôle of "rudimentary organs for the ultimate overthrow of capitalism." To this end they hold that the trade unions should increase in numbers until practically every useful worker in any given industry is a member of the appropriate labor organization. This objective could be reached, the Guildsmen believe, by a dual policy of expansion. First, the unions should continue taking in manual workers of various types until all were enrolled in the union ranks. In this the Guildsmen simply echo the normal aims of the trade unions themselves, excepting that the Guildsmen believe that "the definite establishment of women in industry, with little or no possibility of their being removed from it," is so far an accomplished fact that the unions should cease excluding them from membership.[14]

The second proposal of the Guildsmen is more distinctive; indeed, it is one of the most characteristic of the Guild Socialist proposals. They maintain that there is no essential difference between the manual worker, on the one

[13] Supplement to *The Guildsman*, June, 1920.

[14] Hobson, *National Guilds and the State*, pp. 251-264; Reckitt and Bechhofer, *Meaning of National Guilds* (first edition), pp. 414-417.

hand, and the clerical or managerial worker, on the other —the one composing the proletariat, the other the "salariat"[15]—and that both have the same grievance against the present system, namely, that "the salariat, like the proletariat, lives only by selling its labour-power." The Guildsmen, accordingly, hold that salariat and proletariat must unite to form a newer trade unionism, constituting "a complete fusion into a single organization of workers of all grades."[16]

The results which the Guildsmen anticipate from the expansion of trade unionism so as to include all manual and nonmanual workers are, as has been indicated, twofold. On the one hand, trade unionism would become "black-leg-proof,"[17] that is, the unions would have an absolute and unbreakable *monopoly of labor*. The advantages of such a position from the fighting viewpoint require no explication. A trade union which did not need to count on the possibilities of having the places vacated by its members on strike filled by strike-breakers could adopt an exceedingly aggressive policy towards the employer. The point may be illustrated in another way by reference to the importance some American employers attach to the "open shop," and the corresponding stress trade-union leaders lay upon the "closed shop." An important feature of the labor monopoly that would be gained by the adoption of the Guild Socialist tactics would be the inclusion of the nonmanual workers in the ranks of "labour,"

[15] "Salariat—the section of the proletariat that sells its labour for a month or year or so at a stretch." Orage, *Alphabet of Economics*, p. 137; Reckitt and Bechhofer, *Meaning of National Guilds* (second edition), Chap. iii; Hobson, *National Guilds and the State*, pp. 239-245.

[16] Resolutions, National Guilds League, *Supplement to The Guildsman*, June, 1920.

[17] "Black-leg" is the English jargon for "scab" or "strike-breaker."

making impossible their utilization against the manual workers in the event of a strike.[18]

A second result of the "closing up of the ranks of labour" would be a great increase in the effectiveness of the trade unions as prospective successors to the management of industry. The Guildsmen attach especial significance in this regard to the "*rapprochement* between organized Labour and technical management." They realize that "taken alone, the manual working class is a fragment —it cannot run industry," and that likewise "taken alone, the nonmanual workers are another fragment—still less can they run industry. But together, the Guild Socialist declares, "the two have the power to reorganize the industrial system from top to bottom. The power to cope successfully with an antagonist depends, in the last resort, on the ability to take over his job and do it better than he. This power the workers by hand and brain possess *together*, but not separately."[19]

These, then, are the conditions which practically all Guildsmen hold as prerequisite before the trade unions can enter on "the way to National Guilds." They must realize their "creative task"—"to fling off the bondage of wage slavery, and to set up a new system, based on free service";[20] they must reconstruct their organizations on industrial, rather than craft, lines, around the place where the laborer works, rather than where he lives, while they are consolidating and centralizing their collective strength into a real, and not a rhetorical, "army of labour"; finally,

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[18] Reckitt and Bechhofer, *The Meaning of National Guilds* (second edition), pp. 161-164; Hobson, *National Guilds*, p. 99; "Towards National Guilds," *The Guildsman*, April, 1917; Cole, *Self-Government in Industry* (fourth edition), p. 96.

[19] *The Guildsman*, June, 1921. This issue of *The Guildsman* is a "special," most of its articles being "selected with a view to interesting black-coated workers in particular. *Cf.* also Tawney, *The Sickness of an Acquisitive Society*, Chap. x.

[20] Pamphlet, *The Policy of Guild Socialism.*

they must expand horizontally to include all manual workers, and, vertically, to include clerical, technical and managerial workers, that they may offer a solid front to the "possessing class," and that they may be able to administer the industries wrested from its "functionless" control.

But if the Guildsmen hold together in pointing out to the worker the manner of his preparation for embarking on "the way to National Guilds," their counsel concerning the way itself is anything but harmonious.

II. The Policy of "Supersession"

The historical discussion of the National Guilds Movement showed that the Guild Movement has all but suffered shipwreck on questions of "next steps" and that one of the most important lines of cleavage relates to the "Soviet Resolution." This resolution begins with a phrase which enunciates a distinct policy for bringing Guilds into being:

> This Conference, holding that the firm establishment of Guild Socialism is impossible without the *supersession of the administrative and coercive machinery of the Capitalist State* by forms of organization created by, and directly expressing the will of the workers themselves, welcomes the Soviet system as a form of organization complying with this condition.[21]

Reference to the account of the discussion which Guildsmen have carried on over this resolution, and over the questions of policy raised by it, show that it aims in fact, if not in name, at that form of action ordinarily called "the dictatorship of the proletariat." This program calls for the seizing of the power now wielded by the State, in all its branches, by the representatives of "the workers." The theory holds that questions of illegality or of bloodshed, or even of the consent of the population, are of rela-

[21] Italics not in original. For the entire resolution see *supra*, Chap. iv, Sec. v-1.

tively minor importance—that the main issue is to *seize power on behalf of the workers, and to hold on to it.* It is time enough to think about the kind of socialism to be adopted, according to the exponents of this doctrine, *after* the proletarian dictatorship has been established and consolidated.[22]

Therefore, those Guildsmen upholding this program are, as has been shown, willing to forego the advocacy of their constructive theories in order to help accomplish the seizure of "the administrative and coercive machinery of the Capitalist State"; and then, *and not till then,* to approach whatever group should be holding the reins of power in order to urge them to use it for the inauguration of Guild Socialism. Further comment on this program will be made in the critical portion of this work. It need be noted here only that, in the first place, it constitutes a clear-cut, definite "catastrophic" policy, having for its central *motif* the capturing of physical power, in all probability, by the use of physical force, and that, in the second place, it has secured the support of a sufficiently large number of Guildsmen to assure its official sanction by the National Guilds League.[23]

III. The Policy of Encroaching Control

The policy of "encroaching control" is peculiarly an offspring of the Guild Idea. The program of "superses-

[22] This theory is, of course, the background of Bolshevism, and can be found in any of the Bolshevist apologetic literature. *Cf.* especially Postgate, *The Bolshevik Theory,* Chap. iii, iv, v; Paul, *Creative Revolution* (London, 1920), *passim;* Reckitt and Bechhofer, *Meaning of National Guilds* (second edition), pp. 212-230; Mellor, "A Critique of Guild Socialism," *The Labour Monthly,* October, 1921.

[23] Particularly in its adoption of the report of the "Soviet Report" on a Program of Action. *Cf.* "The Special Conference of 1920," *The Guildsman,* January, 1921, and *supra,* Chap. iv, Sec. v.

sion" could be utilized for putting into power any one of a half dozen rival groups of socialists—or anti-socialists, for that matter—but the policy of encroaching control could be adapted only to the Guild Socialist program. The idea of encroaching control has been shown to have been originated largely by J. M. Paton, and to have been based chiefly on his experience in the revolutionary trade unionism manifested in the shop-stewards' movement. The keynote of this plan is the "progressive invasion of capitalist autocracy."[24]

Such a line of action would serve two purposes, the Guildsmen hold. First, it would gradually dispossess the present owners, without involving any acute dislocation of industry. There might be sharp struggles from time to time, but the movement would be piecemeal, applying to only one industry and only one issue at a time; so that gradually very considerable changes could be affected without any great hardship either to the workers or the public. Second, it would "atrophy" the functions of the "possessing class," and so destroy its *moral* claim to its rights. That is, the "capitalist's" income might temporarily be untouched, at least in part, but he would steadily be deprived of any active or useful participation in the industry from which that income was drawn. The result would be that, eventually, like the *Noblesse* at the time of the French Revolution, he would become merely a useless appendage of industry, to be swept away with relatively little compunction at the time of final transition. That is, the "busy rich" would be changed into "idle rich," and then "expropriated."[25] Three steps would be required for putting this policy into effect: (1) encroachment over the

[24] Cole, *Self-Government in Industry* (fourth edition), p. 297.
[25] *Ibid.*, pp. 98 and 114.

workshop; (2) encroachment over other fields; and (3) expropriation.

1. *Encroachment over the workshop* would be the first step for the trade unions to undertake. It involves the gradual taking over by the organized worker of the direction of his own personal operations, whether in mine, factory, or shop. Under this scheme, the worker would not merely strike for higher wages, shorter hours, or better working conditions; he would also strike for a *share in control,* and continue extending its area.

Three particular forms of action are proposed by the Guildsmen for this purpose: the expansion of the functions of the shop committees and shop-stewards, the election of foremen, and the collective contract. All three demands have in fact been made at one time or another by British trade unionists.

With regard *to the expansion of the functions of shop-committees and shop-stewards,* the Guildsmen have been more or less embarrassed by the fact that the British government has officially sanctioned the same principle. The now famous "Whitley Report,"[26] issued in 1918, recognized the principle of workers' committees, and urged the establishment of "joint standing industrial councils" regionally and nationally, as well as in the workshop. Under the ægis of the Ministry of Labor their establishment was undertaken. To some, the new program looked like "an equivalent to the scheme of National Guilds."[27] The Guildsmen have been careful to point out that "the right and only path . . . is for Labour to demand and secure exclusive control" and to declare that the acceptance of "joint control" under the Whitley scheme is liable to

[26] Great Britain, *Interim Report of the Reconstruction Committee on Joint Standing Industrial Councils* (London, 1917). *Cf.* also Gleason, *What the Workers Want,* pp. 358-370.

[27] London *Times,* quoted in Reckitt and Bechhofer, *Meaning of National Guilds* (first edition), p. 232.

"frustrate the movement towards a real measure of exclusive control."[28] They have, however, despite their condemnation of the scheme as "at once a fallacy and a fraud," followed their policy of going "with the grain" of current tendencies, and have urged the workers to enter the Whitley Councils with proper "safeguards," and to utilize them as training grounds and vantage points for further encroachment. A slogan among Guildsmen is that "a taste of control will engender a taste for control," and their hope is that the Whitley Councils, far from allaying the "industrial unrest" may be the means of its further stimulation.[29]

The election of foremen is an objective of the more "advanced" trade unions which the Guildsmen have adopted as another form of encroaching control. By gaining the power to choose their own immediate supervisors, the trade unions would begin to accomplish the Guild Socialist aim of enlisting the salariat on their side, and would also obtain a very real "increment of industrial self-government" in a place where its need is most greatly felt, to wit, workshop discipline. The typical factory foreman, with the arbitrary power of "hiring and firing," of imposing fines, and of accepting piecework, is the "noncommissioned officer" of "capitalist" rule, and the Guildsmen maintain that, once he were made a member of the trade union, and himself and his actions subject to their control, a very long step towards the realization of their ideal would be made.[30]

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[28] Pamphlet, *Observations on the Interim Report of the Reconstruction Committee on Joint Standing Industrial Councils* (London, 1917).

[29] *Cf.* Reckitt and Bechhofer, *Meaning of National Guilds* (first edition), pp. 231-255, for a complete exposition of the Guild Socialist attitude toward the Whitley Councils.

[30] Pamphlet, *National Guilds: An Appeal to Trade Unionists* (London, 1915), p. 15; Reckitt and Bechhofer, *Meaning of National Guilds* (second edition), p. 169.

The collective contract would, the Guildsmen believe, be "the half-way stage between existing workshop conditions and Guild organization." Under various names, the device has been adopted in England, France, the United States, and Italy, its widest development being reached in the latter country. It usually takes the form of a sort of collective piece-rate, or bonus, in which all the men in a gang or in a shop receive all or part of their wage according to their output. The wage may be lumped, and divided among them at their own discretion.[31]

Under this arrangement, the Guildsmen hold, the workers would begin exercising the group responsibility for their work, which Guild Socialism demands. Moreover, in that their relation with the employer would cease to be individual, the wage relation would be drastically modified. Further, they urge that the terms of such contracts should be negotiated through the trade unions, thus giving them an organic share in the control of industry.[32]

By these means, the Guildsmen hope that labor, industrially organized, and "black-leg proof," could drive a substantial wedge between the "capitalist" and his possessions, by transferring to themselves a large proportion of the control over his workshop.

2. *Encroachment over other fields* of management is not discussed by the Guildsmen with anything like the clearness with which they treat workshop control. They do not, in fact, go much further than to state that the policy must be extended "from the workshop to the works itself, and the works-manager brought into coöperation with the

[31] Ave Lallement, "Collective Labour Contract," *American Economic Review* (Princeton), June, 1921; Cole, *The Payment of Wages* (London, 1918), p. 33.

[32] Reckitt and Bechhofer, *Meaning of National Guilds* (second edition), p. 169; Cole, *Guild Socialism Re-Stated*, pp. 199-200; Hobson, *National Guilds and the State*, pp. 179-185; Pamphlet, *National Guilds—An Appeal to Trade Unionists*, p. 15.

Union, instead of remaining merely a nominee and representative of the profiteer,"[33] and to state, further, that labor must "secure control of the product," by which is meant "the financial system . . . the control of raw materials—buying; and . . . the control of the finished product—selling."[34] The question as to how these steps are to be brought about—particularly the wresting of control over "investing, buying, and selling" from "the financiers and the great industrialists"—is one over which the apostles of encroaching control are frankly puzzled. They admit, in fact, that "industrial action" can result in only "a certain limited measure of control over the product." From this point, they agree, encroaching control would have to adopt other more drastic measures, involving catastrophic action and expropriation.

3. *Expropriation*[35] would be the final stage in the policy of encroaching control. It might better be said that it would be the next step after encroaching control, for it would include methods not consonant with those pertaining to the policy just described. As might be expected, Guildsmen have no uniform doctrine on this "final moment of transition." It would necessarily involve some sharp break with existing economic and political relations, and might result in the use of physical force. Consequently, just as Guildsmen have disagreed over the utilization of force for the setting up of a proletarian dictatorship, so have they disagreed over its adoption for "the last stage of the march of society towards industrial freedom." Hence, while there is enough consistency in their various proposals to admit of their coherent presentation, it is likely that no single

[33] Reckitt and Bechhofer, *Meaning of National Guilds* (second edition, p. 169.

[34] Cole, *Self-Government in Industry* (fourth edition), pp. 101-114.

[35] The phrase, being of Marxian origin, is indicative of the Marxian background of Guild economics.

Guildsman or group of Guildsmen would support all of the measures whose statement follows. The methods of expropriation advocated by various Guild Socialists are: (1) encroachment over rent, interest, and profits; (2) nationalization; (3) catastrophic action; and (4) "rough and ready justice" to the present owners of industry. At this point no comment on these proposals, except such as is an aid to exposition, will be made.

1. *Encroachment over rent, interest, and profits would* amount to a seizure by the workers of a substantial proportion of the income of the enterprise in which they happened to be engaged. Mr. Hobson, in proposing these steps, presupposes an absolute "monopoly of labour" on the part of the unions involved. Given such a monopoly, and complete industrial unionization, he believes that the trade union, or Guild, could secure as large a "slice" of profits as they demanded, or else force the "closing down" of the business.[36]

It is clear, nevertheless, that all unions would not possess the strength to make such pretensions, and that there would be a point at which the employers would balk, and take their chances on a strike, or even a resort to force. Hence, this device could not have general application.

2. *Nationalization* would be a means of approach to Guild Socialism in *certain instances.* The Guildsmen are not enthusiastic over nationalization, for it smacks overmuch of Collectivism, according to their views. Nevertheless, they perceive that, in such industries as mining, and probably also the railroads, the movement for government ownership has gone so far that they would cause only a futile break in radical ranks by opposing it. Their attitude is to acquiesce in the demand towards nationalization but "only to urge and accept it where it includes the con-

[36] Hobson, *National Guilds*, pp. 241-244.

cession to the workers of a preponderant control," and "only to advocate it in those industries in which it appears appropriate."[37]

The Guildsmen have not, therefore, given much attention to the agitation for nationalization. Instead, they have striven for the embodiment of Guild principles in such industries as they consider ripe for nationalization. Thus they have allowed other agencies to bear the brunt of the fight for nationalization of the coal mines, but have succeeded in persuading the miners to frame their demands in conformity to the Guild Idea. In other instances where it has not seemed expedient to oppose the trend towards government ownership, the Guildsmen have adopted a similar position epitomized in the slogan: "When you are ready to nationalize, we are ready to Guildize."[38]

In some cases, however, there is no opportunity left for "Guildizing" the nationalization process, since that process is already an accomplished fact. Thus, the English Post Office Department operates the telephone and telegraph systems, as well as the regular postal services, while the movement for "municipal trading" has put a large portion of the gas and electric light plants, water works and street railways under public control. Guild Socialists hold that the "bureaucrats" in charge of these industries are not one whit less unsatisfactory as regards their treatment of the workers than the "capitalists" they have succeeded; and that, indeed, they are often more inflexible and dictatorial. Accordingly, the Guildsmen urge a policy somewhat like the earlier stages of encroaching control; that is, a reorganization and expansion of the appropriate trade unions, and the putting forward of demands for a share in

[37] Pamphlet, *The Policy of Guild Socialism.*

[38] Reckitt and Bechhofer, *The Meaning of National Guilds* (first edition), p. 373. *Cf.* also Cole, *Self-Government in Industry* (fourth edition), pp. 132-179; and Pamphlets, *Towards a Miner's Guild* and *Towards a National Railway Guild.*

control. They anticipate, however, that the success of such measures would be more far-reaching than in the case of privately owned enterprises, since there would be no organized "capitalist" opposition, but, instead, a single unified management which would put up a losing battle against "the accumulating series of individual demands" made upon it; and since, further, such management being "impersonal, irritating, and almost certainly incompetent," would make the workers more insistent for participation in control than in private industry. Hence, the Guildsmen look forward to the establishment of "joint-control" between representatives of the public and of the workers in these establishments, and, eventually, to complete industrial self-government.[39]

It should be observed that Messrs. Douglas and Orage have no use whatever for nationalization. They believe that it would either fail to disturb the hold of "finance" upon industry, and thus prove a mere similacrum of democracy; or would fasten upon the country's economic life an administrative bureaucracy backed by military coercion, and thus result in black tyranny, such as is alleged to have followed the establishment of the Russian Bolshevist régime.[40]

3. *Catastrophic action* would, in the opinion of most Guildsmen, be necessary to the final consummation of any program of "expropriation." With the exception of those subscribing to the Douglas-Orage Scheme, they are generally agreed that mere "evolutionary" measures cannot be depended upon to accomplish the last stages of the dispossession of the "wealthy" if for no other reason than that they might be expected to resist confiscation or anything approaching it, and might even deliberately provoke

[39] Reckitt and Bechhofer, *The Meaning of National Guilds* (first edition), pp. 374-379. Cole, *op. cit.*

[40] "Notes of the Week" in *The New Age*, November 27, 1919; Douglas and Orage, *Credit Power and Democracy*, Chap. vi.

the use of force, in the hope of regaining the upper hand by virtue of their superior organization and their alleged control of the military and the police.[41]

Yet, the Guild Socialists are no more agreed over the form or extent of "revolutionary" action to be followed in this particular instance, than they are over the broader aspects of such a policy. They seem for the most part to favor "a sort of extension of 'direct action'—a paralyzing of the economic life of Society through the general strike," rather than a clean-cut civil war. Also, excepting the extreme "left-wing" group, they assert that it is the peculiar task of Guild Socialists to work, not for "early revolution, but the consolidation of all forces on the lines of evolutionary development with a view to making the 'revolution' which in one sense must come, as little as possible a civil war and as much as possible a registration of accomplished facts and a culmination of tendencies already in operation."[42] That is, they would leave to the logic of events and to their more ardent comrades the actual promotion of "the great catastrophe," and devote their efforts to the development of such organization and ideas within the ranks of labor as might insure the immediate success of the frontal attack upon the economic powers of "capitalism" and its eventual fruition into a Guild Commonwealth. It is evident from the foregoing that the Guildsmen expect to follow a course likely to be opposed by the propertied class. The nature of these measures for "expropriation" has now to be discussed.

4. *"Rough and ready justice"* is the phrase applied by Mr. S. G. Hobson to his proposal for the treatment to be accorded those classes whom the Guildsmen propose to dis-

[41] Mellor, *Direct Action* (London, 1920), Chap. ii.

[42] Cole, *Guild Socialism Re-Stated*, pp 182-188; *Self-Government in Industry* (fourth edition), pp. 106, 107, 113, 114; Reckitt and Bechhofer, *The Meaning of National Guilds* (first edition), pp. 297-300.

possess.[43] It is recognized that much of the opposition to any proposal for confiscation is due to the appeal *ad misericordium* made to the general public on behalf of the classes concerned. It is further realized that the small savers, whose hopes and fears for the future are centered upon a savings bank account and a bond or two, can, to a man, be rallied in defense of the large investor's millions, so long as the socialist demands a thoroughgoing and undiscriminating program of "expropriation." The Guild Socialists undertake to allay the fears of the *petite bourgeoisie*, to satisfy the sensibilities of those aroused by the plight of "the widows and orphans," and, even, to disarm the opposition of the "plutocrats."

To this end, they do not advocate complete confiscation. Indeed, they are willing to leave the possessions of the "petty capitalists" alone altogether.[44] For the owners of larger holdings, they would offer "consideration," but not "compensation as now understood." That is, they refuse to commit themselves to payment on the basis of the present "commercial" value of any industrial enterprise. They offer two arguments in support of their position. The first is that full compensation would involve a surrender of socialist principles in that the present capital value of any property "depends upon the control which they (the employers) have hitherto been able to exercise over Labour."[45]

The second is that it would fasten a crushing burden upon the socialist community, which could be lightened only by the disingenuous policy of imposing confiscatory

[43] Hobson, *National Guilds*, p. 297.
[44] "National Guildsmen," in *The New Age*, March 27, 1919. The limit proposed is capital value amounting to £200.
[45] Cole, "Precis of Evidence Submitted to the Coal Industry Commission," in *The New Age*, August 30, 1917.

taxes upon those to whom compensation would be paid.[46] Hence, the Guildsmen propose to pay the owners of large industries something less than the full capital value of their possessions. Further than this, as in so many other points of their doctrine, they are indefinite. The nearest approach to a clear-cut proposal is that of "compassionate allowances."[47] These would be embodied in a system of "terminable annuities extending over two generations." Provided this pension was something near the normal annual income of the "expropriated" classes, it would permit older members of such a class to end their days with no appreciable change in their way of living, while its younger members would have ample time to adjust themselves to the new conditions, and to train their children with a view to those new conditions. It is claimed, not without some reason, that such a proposition is not "unreasonably harsh." Mr. Hobson goes further and characterizes it, in the phrase quoted at the beginning of this section, as "rough and ready justice."[48]

There is, however, no assurance that the pensions would approximate the income received from the property taken over, for Mr. Hobson suggests that the annuities be based on a more or less arbitrarily fixed "real" value of the property, computed, in the case of industrial capital, according to "the saving of time and effort in lieu of creating

[46] Hobson, *National Guilds*, pp. 21-23; *National Guilds and the State*, pp. 284-286.

Cf. also Belloc, *The Servile State*, Appendix.

[47] The phrase seems to have been first used by Mr. Hobson in *The New Age*, and later to have been taken up by the miners' representatives before the Coal Industry Commission. *Cf.* Hobson, *National Guilds and the State*, p. 282.

[48] Hobson, *National Guilds*, p. 297; Reckitt and Bechhofer, *The Meaning of National Guilds* (first edition), p. 382.

The provision of the Act for the Disestablishment of the Church of England in Wales has a somewhat similar provision, *i. e.*, it permits the incomes of the present generation of clergymen to remain unimpaired, but cuts them down for succeeding incumbents of the "livings."

its substitute," and, in the case of land, upon a fraction of the "capital value" of land reckoned, somehow or other, from the fraction resulting from the computation of the ratio between the "real value" and "capital value" of industrial capital. That is, "if the factory owner gets £15,000 on a capital value of £100,000, and assuming the land to be valued at £15,000, the landlord would receive from the Guild the equivalent of about £2,500, payable in the form of a pension. . . . In this way would enlightened (sic) Labour squeeze out artificial value."[49] It should be said, however, that, though "Guildsmen have generally suggested"[50] the plan for "compassionate allowances," they do not seem to have followed Mr. Hobson's speculation as to the actual basis for fixing the amount of such allowances. It is entirely probable that some Guildsmen would agree to pensions coming very close to the customary incomes of the "capitalists" involved. On the other hand, it is possible that others would object to any payment exceeding in amount the doles to the aged and helpless customarily granted by public or private relief agencies. Consequently, it appears that the Guild Socialists—like many other socialists before them—in avoiding the shoals of unmitigated confiscation, have steered into the confused whirlpool of mere generalities—which do not even possess the virtue of being glittering generalities.

IV. The Policy of Propaganda by Experimentation

The putting into practice of the Guild Idea has already been discussed in some detail.[51] The significance of that undertaking is all that need be considered in this place. The setting up of various types of Guilds, which could

[49] Hobson, *National Guilds and the State*, pp. 286-289.
[50] Reckitt and Bechhofer, *loc. cit.*
[51] *Cf. supra*, Chap. iv, Sec. 4, and Appendix i.

function successfully within the framework of the present economic régime, signifies more than a kind of laboratory experiment in Guild theory. It furnishes a continuous demonstration of the feasibility of at least certain features of Guild Socialism, and thereby provides a powerful element of propaganda. More than that, in so far as any one of the Guilds is able to endure, it opens up "a field in which the workers can, *without the need for expropriating the present owners,* hope to supersede them. . . ."[52] Thus, if only the spread of Guild principles through the conduct of experimental Guilds could be sufficiently widespread to cover the major portion of modern industry, the Guildsmen might look forward to a gradual transformation of "capitalism" into the ideal commonwealth of Guild Socialism, without further concern either for trying the doubtful issues of social catastrophism or for coming to close grips with the formidable problem of "expropriation." But the Guildsmen do not anticipate that the path to their goal will be so easily trod. On the contrary, they believe that the policy of progress through experimentation is likely to be limited to a relatively restricted circle of industries, particularly to those requiring a small outlay for fixed capital. Hence, the policy of experimentation is welcomed by Guildsmen as a possible means for bringing about an increment of Guild Socialism, but not as sufficiently potent of itself to make possible "socialism without tears."

More drastic measures, of the sort set forth earlier in this chapter, are considered necessary for the complete reconstruction of society, by the majority of Guildsmen, while the Douglas-New Age group places scant faith either in experimentation, or any of the various proposals for coercion, but in credit.

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[52] Pamphlet, *The Policy of Guild Socialism* (italics not in original).

V. The Policy of Credit Control

To turn from any of the previously described Guild Socialist policies of transition to that embodied in the Douglas-Orage credit scheme is to experience a break almost as sharp as that encountered in turning from one language to another. For as regards both the program to be adopted in terminating the present economic régime and the new order to be substituted for it, the authors of "Douglasism" differ radically from other Guildsmen. So wide is the divergence between this group and the other Guildsmen that Mr. Cole declares that " 'Economic Democracy,' in the Douglas sense, is the direct opposite of the industrial democracy of Guild Socialism." [53]

That there is, in fact, a considerable divergence between the authors of the Credit-Scheme and other Guildsmen, the discussion in the preceding chapters has made amply clear.[54] It may, therefore, be of use to summarize the main features of Messrs. Douglas and Orage's analysis of the existing economic régime, and their ideals for the future, before undertaking an exposition of their program for "bridging over without social catastrophe the interregnum between capitalism and industrial democracy."

The policy of credit control rests upon the thesis that "Capitalism can be defined as the improper use of Capital," through "its monopoly of the Real Credit of . . . industry." [55] It is held that, as a result of this concentration of credit-power, prices progressively and inevitably increase at a faster rate than the effective demand for the goods to which such prices are attached, and that, therefore, a badly balanced and wasteful distribution and consumption of wealth ensues, which leads—among other harmful

[53] Cole, "Credit Power," *The Guildsman*, February, 1921.
[54] *Cf. supra*, Chap. v, Sec. iv; Chap. vi, Sec. iii.
[55] Douglas and Orage, *Credit-Power and Democracy*, p. 176.

results—to an overdevelopment of capital goods, and thus, the creation of fresh areas over which the "credit-mongers" can extend their dominion. Moreover, it is claimed that the control of credit should, of right, reside in the community and not in private hands, since it rests upon productive capacity which, in the main, is attributable chiefly to impersonal physical energy, and to general social progress rather than to any individual effort. The solution based on this analysis envisages, first, the placing of control over industrial credit and—by the same token—control over industrial policy, in the hands of the community; second, such a regulation of price as would insure a distribution of purchasing power commensurate with these prices; third, the establishment of as wide a degree of worker's control over industrial administration as might be consistent with the common good; and fourth, the distribution of the communal product by means of a "social dividend," rather than through wages, salaries or pay.

It follows that two steps are necessary to the effecting of a transition to such a régime, namely, (1) the communalization of credit, and (2) the fixing of prices.

The credit-scheme consists essentially of an "exemplary" plan for bringing these measures to pass. Although "drawn up for special application to the Mining Industry," its main features are of general significance.[56]

1. *The communalization of credit* would, according to the Scheme, be brought about by a new form of "direct action" on the part of organized labor, to wit, the utilization of its industrial power and organization, not in wasteful and—in the long run—fruitless strikes, but in taking over the financial control of the several industries in which

[56] The Scheme, accompanied by an elaborate explanatory "commentary," is printed as an appendix to Douglas and Orage, *Credit-Power and Democracy*. It is summarized in Reckitt and Bechhofer, *The Meaning of National Guilds* (second edition) pp. 254-271.

the workers are employed. This proposition rests on the theory that labor control is an essential element in "Real" credit, and that, accordingly, a strongly organized trade union could, by virtue of its control over the labor-power in its industry, issue "Financial Credit"[57] upon the security of that labor-power, just as readily as the "capitalist" can to-day issue such credit by virtue of his ownership of plant, tools, and the like. For example: "Coal cannot be produced in abundance without capital, but it cannot be produced at all without the Labor of the M. F. G. B.[58] The M. F. G. B. have only to go on strike to prove it; to prove, namely, that they are indispensable to the production of coal—that is, to the creation of the Real Credit dependent on coal. It follows that the M. F. G. B. is *at least* equally entitled with capital to share in the Financial Credit that rests, in the last resort, on Real Credit."[59]

The machinery that the Scheme would provide to convert the "real credit" of the trade union into "Financial Credit" is the "Producers' Bank." The way in which this bank would be organized and the manner in which it would make for the gradual, yet peaceable, transferring of industrial control from the present owners to the union and to the community may be best set forth in the language of the scheme.[60]

(2) In each of these areas a branch of a Bank, to be formed by the M F. G. B., shall be established, hereinafter referred to as the Producers' Bank. The Government shall recognise this Bank as an integral part of the mining industry regarded as a producer of wealth, and representing its credit. It shall ensure its affiliation with the Clearing House.

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[57] That is, credit-currency.

[58] Miners' Federation of Great Britain.

[59] Douglas and Orage, *Credit-Power and Democracy*, p. 167.

[60] It should always be borne in mind that the Scheme speaks in terms of the mining industry but can be applied to other industries also.

(3) The shareholders of the Bank shall consist of all persons engaged in the Mining Industry, ex-officio, whose accounts are kept by the Bank. Each shareholder shall be entitled to one vote at a shareholders' meeting.

(4) The Bank as such shall pay no dividend.

(5) The Capital already invested in the Mining properties and plant shall be entitled to a fixed return of, say, 6 per cent., and, together with all fresh Capital, shall continue to carry with it all the ordinary privileges of Capital administration other than Price-fixing. Depreciation shall be set against appreciation.

(6) The Boards of Directors shall make all payments of wages and salaries direct to the Producers' Bank in bulk.

(7) In the case of a reduction in cost of working, one half of such reduction shall be dealt with in the National Credit Account, one quarter shall be credited to the Colliery Owners, and one quarter to the Producers' Bank.

(8) From the setting to work of the Producers' Bank all subsequent expenditure on capital account shall be financed jointly by the Colliery owners and the Producers' Bank, in the ratio which the total dividends bear to the total wages and salaries. The benefits of such financing done by the Producers' Bank shall accrue to the depositors.[61]

To summarize, the first step in the transfer of credit-power would be the organization of trade-union banks, which, by issuing credit-currency based on the labor-power that they represented, could obtain sufficient purchasing power gradually to "buy into" control of the several industries to which their members were attached.

If such a consummation were reached, the way would be paved for the partial fulfilment of two of the main objectives of the scheme, and the full carrying out of a third. The aim entirely completed would be the establishment of workers' control over the administration of industry. The realization of this purpose—to a considerable degree the *leit motif* of Guild Socialism—would follow as a necessary con-

[61] Douglas and Orage, *Credit-Power and Democracy*, pp. 148-150.

sequence of the process just described, for the "producers' bank" in any industry would, necessarily, place the management of that industry in the hands of the workers employed therein, since the bank itself would be controlled by those same workers. Certain nominees of the "capitalist" interest might be retained in power, but *ex hypothesi* they would represent a constantly shrinking minority.

Two objections might be raised to such a form of producers' control: first that it bears slight resemblance to the rather intricately elaborated machinery proposed by Mr. G. D. H. Cole; and second, that since those workers who left the industry would retain their voting power in the "producers' bank," there might eventually arise a time when the ultimate authority over the industry's policy would pass out of the control of those actually employed in it. To the first contention, the authors of the scheme would probably reply that the industrial democracy proposed by them might, or might not, accord with Mr. Cole's adumbrations, according as the workers themselves who, at least in the first instance, would control the bank might themselves decide; and that, moreover, they are more concerned with getting the substance of self-government of industry into being than with speculating as to its form. The second point would not be controverted by Messrs. Douglas and Orage; in fact, they would readily acquiesce in it, for, as has already been shown, they desire that "the public" and not "the producers" may exercise final "control of policy with all its attributes—the effective appointment and removal of personnel among others." [62]

The foregoing discussion indicates that the two objectives of the scheme meeting partial fulfillment with the establishment of "producers' banks" would be public control over industrial policy, and the displacement of wages and

[62] Douglas and Orage, *Credit-Power and Democracy*, p. 94.

salaries by the "social dividend." It has been seen that, according to the analysis upon which the scheme rests, economic power derives ultimately from the control of "credit issue and price making." Now, as just shown, the first of these two prerogatives would, to a certain extent, be lodged with the producers' banks,[63] and these banks would, as they developed, come to represent more and more the community at large, rather than the men employed in the industries to which these banks were attached. Such a situation would result from the stipulation in the Scheme that "the shareholders of the Bank shall consist of all persons engaged in the industry *ex officio* whose accounts are kept by the Bank," a provision which, the devisers of the scheme are at pains to point out, would make possible "the continuing membership of those who may leave the industry," especially those displaced by the introduction of new processes or of other economies. Further, existing property rights, including the right of inheritance, would not be materially changed under the scheme so that eventually the majority of shareholders in any bank would be retired workers, or heirs of former workers in the industry to which it pertained, and the successors of the original "capitalists."[64]

It may now be seen how the "producers' banks" would begin the replacement of payments for specific productivity by payments of "the dividends of communal work." The number of nonworking shareholders in the "producers' bank" of any industry would gradually expand, until only those best fitted for employment therein would remain, while the others would "seek fresh fields of usefulness."[65] As these banks grew in numbers, the time would soon ar-

[63] It would also reside with the "National Credit Account." *Cf. infra*, p. 227.

[64] Douglas and Orage, *op. cit.*, pp. 124, 125, 169, 174.

[65] Douglas and Orage, *op. cit.*, pp. 120-126.

rive when their economically functionless stockholders had so multiplied as to include the greater number of the members of society. Nevertheless, the complete establishment of the "social dividend" would require more than a widely distributed number of stockholders in "the communal enterprise," for there would have to be also some assurance that dividends would be forthcoming. Such a guaranty would have to wait upon the second step in the scheme, that is, upon price-fixing.

2. *The fixing of prices* would not only complete two features of the proposal, it would also remove what Messrs. Douglas and Orage hold to be the greatest stumbling block to the effective functioning of industry, namely, the disproportion between prices and effective demand. This condition they would remedy by setting prices at a point below cost. The detailed provisions by which they would inaugurate such a policy follow:[66]

(1) The Government shall require from the Colliery owners a quarterly (half-yearly or yearly) statement, properly kept and audited, of the cost of production, including all dividends and bonuses.

(2) On the basis of this ascertained Cost, the Government shall by statute cause the Price of domestic coal to be regulated at a percentage of the ascertained Cost.

(3) This Price (of domestic coal) shall bear the same ratio to Cost as the total National Consumption of all descriptions of commodities does to the total National Production of Credit—*i. e.*,

$$\therefore \text{Cost} : \text{Price} :: \text{Production} : \text{Consumption}.$$

$$\text{Price per ton} = \text{Cost per ton} \times \frac{\text{Cost value of Total Consumption}}{\text{Money value of Total Production.}}$$

(Total National Consumption includes Capital depreciation and Exports. Total National Production includes Capital appreciation and Imports.)

[66] Douglas and Orage, *Credit-Power and Democracy*, pp. 150, 151.

(4) Industrial coal shall be debited to users at Cost plus an agreed percentage.

(5) The Price of coal for export shall be fixed from day to day in relation to the world-market and in the general interest.

(6) The Government shall reimburse to the Colliery owners the difference between their total Cost incurred and their total Price received, by means of Treasury Notes, such notes being debited, as now, to the National Credit Account.

If the theory underlying Messrs. Douglas's and Orage's criticism of the existing price-fixing mechanism has been comprehended, their proposals for modifying it will be readily understood. Their chief desideratum is to make the total circulating purchasing power always equal to the prices of goods—that is, to insure the possession by the public of the means to buy all of the economic goods in existence at any time. Now, just such a result is foreseen as a consequence of the setting into motion of the provisions enumerated above. Under them, the totality of circulating purchasing power would consist of the payments made on account of production, whether in the form of credit issued to recoup *entrepreneurs* for their costs, or issued to working and nonworking stockholders.[67] In any case, it would bear a direct relation to the totality of consumption and production goods in existence—that is, to the "real credit" of the community. Accordingly, by virtue of the very processes out of which this money was thrown into circulation, a corresponding *quantum* of the economic goods—both capital goods and final products—would have been created; so that the consuming public would automatically be possessed of the means whereby it could purchase *all* of the existing communal product.

With purchasing power being issued only in respect to production, it would seem that—at least as regards the

[67] Or of wages and salaries during the initial stages of the scheme's operations.

general price level—the aim of the scheme would have been reached, for the relation of goods to money would remain constant, and prices in general could not rise. One item, however, has been left out of account, and that is depreciation. If the wasting and spending of the communal resources were not reckoned with, purchasing power would gradually outstrip "real credit," and all the evils of an inflated currency would once more descend upon the community. Now, it is just to avoid such a contingency that the price-fixing mechanism of the credit scheme is contrived. *It would draw out of circulation through the prices demanded for final goods the equivalent of the total depreciation of the community.* The fractional multiplier used in fixing prices is the means for carrying out this purpose. It serves as a device for more or less arbitrarily charging to the consumption of any final good a portion of the "cost value of Total Consumption" in the community, much as any modern business enterprise to-day allocates "overhead" to its various departments.

Moreover, the reason for the deliberate setting of price below cost, and the making up to the *entrepreneur* of the difference out of "the National Credit Account" is now made clear. It is a matter of relative indifference *how* purchasing power would be put into circulation under the scheme, so long as it always was correlative to "real credit." Hence, the bulk of it would be paid *en bloc* to the industries concerned, to be further distributed as dividends to their shareholders,[68] or as payments to a succession of other industries and to be converted by them into dividends. That is to say, the community would issue to the producing enterpriser credit-currency, based upon the cost-price of goods produced, as fast as he turned out the goods, only excepting in so far as a part of these costs were recovered

[68] And in wages during the initial period of the scheme's operations.

by him through the prices charged for his goods. Another way of putting the purpose of the device is to say that the price mechanism would be used *primarily* as an agency for constantly drawing off from the circulating medium of the community an amount sufficient to offset total community depreciation, and so to prevent inflation, and, *incidentally* as a means of putting into circulation *that portion* of the purchasing power, issuable on account of the creation of the goods being priced, which would not be provided by direct drafts from the "National Credit Account."[69]

It may be pointed out, incidentally, that the provision for a special export price would make the scheme applicable to an industry of importance both to domestic and foreign trade, while the temporary exemption of "industrial coal" from the price-fixing regulations is in conformity with the scheme's general intention of fixing upon the consumption of final products as the only point at which the currency of the community would be tapped to make up for the "total national consumption."

There remains only to show how the fixing of price would finally establish public control over industrial policy, and complete the institution of "the national dividend." Two forms of public control over industry inhere in the project just described. First, the power of fixing price is, in itself, an important element in business policy, and, only by bringing it definitely under public authority, could the community lay claim to effective control over its economic life. Second, power to grant or to withhold the drafts drawn on the "National Credit Account" would reside absolutely with the agents of the community, and could be used as a sanction for dictating any industrial policy the community might find expedient, for any indus-

[69] Douglas and Orage, *Credit-Power and Democracy*, pp. 106, 107, 189-201, and *passim*.

try could be speedily destroyed by the simple process of establishing the fractional price for its products, while at the same time withholding the grants of credit necessary to enable the *entrepreneurs* to make up the deficit between their costs and their sales prices. Thus, the public, that is, the consuming public, would exercise authority over industry through three channels; its price-fixing agencies, its "National Credit Account," and the "producers' banks," in one or another of which the individual members of the public would have a vote.

Finally, a sound basis for the universalized "social dividend" would now be provided. There would be, in the "producers' banks," agencies through which to pay them, and, in the "National Credit Account" a source of supply for the credit-currency necessary to the maintenance of those dividends. It should be added that the authors of the scheme anticipate a *uniform* rate of "social dividend," and the establishment of one central authority for the issue of the money necessary to pay the dividend makes the uniform rate possible.

The way in which the Douglas-Orage scheme would lead to the ideal commonwealth conceived by its authors thus becomes clear. The régime of price-control would make it possible to "issue credit to the consumer, up to the limit of the productive capacity of the producer." It would also give the consumer in his character as a part of the general public almost absolute power over the general policy of every industry in the community, and would assure him a share in the communal dividend. The "producers' banks" would, in the first instance, place the representatives of the workers in administrative control of their respective industries, and would, ultimately, leave to them such an amount and such a form of control as the shareholders of the banks and the public at large should elect. Again, through the steady withdrawal from active industry

on the part of the shareholders of these banks, those shareholders would eventually consist mainly of economically passive recipients of the "social dividend"—receiving their income by virtue of their proprietorship in the industrial plant of the community—not in return for the rendering of specific services. In sum, the community would be placed in effective control of its entire economic resources, the equilibrium between prices and purchasing power would be assured; a reasonable degree of workers' control would be in force; and the "social dividend" would have replaced wages and salaries.

Up to this point nothing besides historical and descriptive discussion has been undertaken. The sources of the Guild Idea, its birth, and its progress have been narrated with as much clearness and detachment as the writer could command. Likewise, the Guild Socialist theories—whether in the form of criticisms of the present economic situation, of speculations concerning a future society, or of plans for achieving that society—have been summarized solely with a mind to an objective presentation. Naturally, the writer has tried to keep his own opinion completely in the background; indeed, wherever possible, he has put the exposition of Guild doctrines in the words of Guild Socialists themselves, rather than run the risk of obtruding his own phraseology and ideas.

During the remainder of this work, such a method will give way to one quite the opposite. From this point onward, the writer will undertake to discuss the Guild Idea from his own viewpoint, to point out its weaknesses and its strength, and to offer a possible modification of its doctrine.

PART III

CRITICAL

CHAPTER VIII

WEAKNESSES IN THE GUILD IDEA

THIS chapter is concerned with those points in which the Guild Idea is subject to attack. Consideration will be given to all of the major objections to Guild Socialism, although not all of them will be found to be of equal weight.

Since any criticism of a substantially untried social philosophy must confine itself to general principles, the discussion in this chapter will be centered around those broad divisions of social science with which the Guild Movement is concerned: namely (1) the economics of Guild Socialism; (2) the politics of Guild Socialism; (3) the ethics of Guild Socialism; and (4) the psychology of Guild Socialism.

I. THE ECONOMICS OF GUILD SOCIALISM

The economics of any socialistic doctrine should be given the priority in a critical examination, for all socialisms would change in some way or another the economic basis of society. It therefore becomes necessary, before proceeding further, to inquire into the grounds upon which the existing economic régime is attacked by the Guildsmen, and the theories upon which another industrial order would be constructed by them. The Guild Idea requires such an analysis in respect to four features: (1) Its relative indifference to economic considerations; (2) its Marxian features; (3) its misreading of economic history; and (4) the Douglas-Orage Scheme.

1. *Its relative indifference to economic considerations* has been seen to constitute a distinguishing characteristic of the Guild Idea. Not only the forerunners of Guild Socialism but its present exponents have been, for the most part, concerned primarily with what a recent American writer has called "the humanics of industry,"[1] and have often ignored or eschewed economic arguments, or urged them incidentally to other and—to them—more important considerations.

It may be maintained that this characteristic is an element of strength, in that it gives to the Guild propaganda a breadth of outlook and a universality of appeal all but absent in the "scientific" schools of socialism. The weight of this contention may be admitted without in any way affecting the fact that *in so far as Guild Socialism is a program of economic reform,* it suffers from the preoccupation of its precursors and protagonists in other than economic interests. That is to say, this feature of the Guild Movement is of positive value in certain aspects, but is quite the opposite in respect to the one under discussion here.

The reasons for this circumstance are apparent. In certain matters, Guildsmen have merely ignored questions of fundamental importance to any proposal such as theirs, or have given them only partial and almost superficial consideration. In others, they have adopted the economic theories of other socialist systems, notably Marxism.

The neglect of vitally important economic questions characterizes the whole Guild propaganda. A case in point is the Guildsmen's notable vagueness in regard to the highly important matter of "pay" differentiation. Messrs. S. G. Hobson and Cole admit that uniform "pay" would be out of the question during the initial stages of a Guild

[1] Wera, *Human Engineering* (New York, 1920).

Socialist administration, but offer no clue as to the basis of fixing "gradations" aside from the obviously inconclusive one of leaving the decision to the Guilds or the Guild Congress.[2] Similarly, they fail to give adequate consideration to the problems of employment, or Guild membership, especially those arising out of changes in demand, exhaustion of raw materials, or the invention of new processes. How would a Guild commonwealth, for instance, deal with some revolutionary discovery in the production of heat and power, rendering most of the coal mining Guild economically functionless? Messrs. Reckitt and Bechhofer are the only Guild writers who even honestly raise the question and they do not go any farther than declare, with magnificent naïveté, that its solution "would be a matter of skilled arrangement," and that "the Guild Congress and the Local and District Guild Councils would provide admirable machinery for the adjustment of precisely such difficulties."[3] Mention might also be made of the highly unsatisfactory treatment given by most Guildsmen to banking, credit, and capital provision, but their shortcomings in these respects probably are chargeable chiefly to Marxian influences, and will be discussed in connection with them. Additional instances of this same tendency might be multiplied almost indefinitely. Enough have been adduced to establish the point that the Guild Socialists in many cases offer absurdly inadequate solutions for exceedingly important economic problems, or even fail to perceive those problems' existence.

The second consequence of the Guildsmen's neglect of economies is *their uncritical adoption of portions of other socialist schools, notably Marxism.* In this they have but

[2] Messrs. Douglas and Orage, of course, avoid the dilemma by proposing the discontinuation of wages.

[3] Reckitt and Bechhofer, *Meaning of National Guilds* (first edition), p. 334.

followed the example of their great prototype, William Morris, and, like him, they have tended to fasten upon Marxism as a useful auxiliary to their propaganda.[4] The shortcomings of Marxism will be discussed in the section following. At this point, it needs only to be said that no scheme of social reform can borrow a goodly portion of its economic apologia from a system of ideas alien, and even hostile to its own ideology without suffering both in consistency and unity. Certainly, Guild Socialism has not profited by the grafting of Marxism onto its principles. As will be shown below, they have been given a Marxian coloring largely extraneous to their own distinctive features, and, in some cases, subversive of them. The Marxian presuppositions of many Guildsmen have, moreover, involved them in controversies as to immediate tactics, which are largely irrelevant to the peculiar genius of the Guild Idea, and which have all but wrecked the Guild Movement. To put the matter specifically, it is highly probable that the recent split in the Guild Socialist ranks is due, in considerable measure, to the fact that certain Guildsmen, once having accepted the Marxian formulas as a foundation for their ideas, have become so completely committed to the implications of these formulas as to feel constrained to follow them to any length, and, as a consequence, have almost completely lost intellectual contact with their colleagues.

It should be remarked that the exponents of the Douglas-Orage Scheme are not subject to criticism on this score.

2. *Its Marxian features* add to the weakness of Guild Socialism. As shown in the historical portion of this discussion, the conditions surrounding the incubation and germination of the Guild Idea may have made inevitable

[4] *Cf.* Beer, *History of British Socialism*, Vol. II, pp. 253-257; and Morris and Bax, *Socialism, Its Growth and Its Outcome* (London, 1893), which is little more than a condensation of *Das Kapital*.

a large admixture of Marxian principles; their presence has, notwithstanding, constituted a serious defect. Two results follow their inclusion: (1) the economic analysis of Guild Socialism is rendered unsound; and (2) the practical proposals of Guild Socialism are rendered faulty.

(1) *The economic analysis of Guild Socialism is rendered unsound* by its Marxian features because of the fact that Marxian itself is untenable. There is no need to enter into a detailed examination of the fallacies involved in Marxism; the task has been adequately done many times, both by socialists and non-socialists.[5] It is sufficient to review briefly the most important features in which the Guild Socialist discussion of industrial society embodies Marxian doctrines,[6] and to point out the way in which the generally accepted criticisms apply to them.

First, excepting for the Douglas-Orage analysis, the whole Guild Socialist attack on existing conditions takes, as its economic basis, the labor theory of value, and the exploitation theory of rent, interest, and profits deducible from this. Now, in order to make a labor theory of value signify anything beside the manifestly absurd proposition that value increases directly as the length of time consumed in producing an article,[7] the theory must be loaded down with a set of qualifications which entirely contradict it.

This weakness of the theory has time and again been demonstrated—consequently, the labor theory of value has long since been cast into the lumber room of economic theory,

[5] For the socialist criticisms, *cf.* Bernstein, *Evolutionary Socialism* (London, 1909); Loria, *Karl Marx* (English Translation, London, 1920). For non-socialist criticisms, *cf.* Boehm-Bawerk, *Karl Marx and the Close of His System* (London, 1898); *Capital and Interest* (London, 1890). *Cf.* also the writer's chapter on "The Failure of Marxism" in *The Return of Christendom* (London, 1922).

[6] *Cf. supra*, Chap. v, Sec. iv-1.

[7] So that it would be profitable to employ lazy, stupid, and crippled workmen!

along with the canonist doctrines of interest, the wage-fund theory, and other venerable fallacies. It is interesting today, as a landmark in the history of economic thought, and as material for sharpening the critical faculties of the undergraduate mind, and for nothing more. It simply cannot be taken seriously.

It follows that the exploitation theory of rent, interest, and profits propounded by Marx and adopted by the Guild Socialists is also completely discredited. It rests upon the labor theory of value, and it must share the fate of that theory. Not that there is no exploitation of labor, and that receivers of rent, profits, and gross interest[8] do not in greater or less degree gain by it. There probably is exploitation but it is not of the sort envisaged either by Marx or his Guild Socialist disciples, and it is not to be remedied by the measures they propose. Whatever measures have been or may be proposed for the elimination of unearned incomes, it cannot be a part of Guild Socialist theory, so long as it remains committed to the Marxian analysis.

(2) *The practical proposals of Guild Socialism are rendered faulty* also by the Marxian tendencies of Guild writers. This incubus is particularly manifest in two important features of the Guildsmen's ideal commonwealth: the labor-time basis of price-fixing and the provision of capital.

The labor-time basis of price-fixing has been seen to be the leading Guild Socialist proposal for the valuation of goods in a future commonwealth.[9] Such a scheme is, of course, simply an attempt to actualize the Marxian theory of value, and, like that theory, is fallacious. One immediately asks: How are goods involving varying degrees of skill, but the same labor time, to be priced? What of varying endowments of strength, dexterity, or industry in

[8] As distinguished from "pure interest."
[9] *Cf. supra*, Chap. vi, Sec. iii-2 and 3.

the workmen employed? What of fluctuations in demand? What of useless or imperfect or spoiled goods? The questions might be multiplied indefinitely. To all the same answer applies, namely, that like the labor-value theory from which it is drawn, a labor-time method of setting price must necessarily either be meaningless or modified and qualified out of existence.

It should be remarked that it was the fruitless attempt to set prices according to labor-time which contributed powerfully to the collapse of the Owenite "labour exchanges."[10]

Further, the relation between prices and "pay" under the ideal commonwealth of Guild Socialism should be recalled. The Guild writers have indicated that an intimate relationship between the two would exist.[11] As just pointed out, they have, however, failed to meet squarely the difficult questions concerning gradations in "pay," and, by the same token, the problem of equalizing varying degrees of skill, assiduity, and the like. This circumstance is due, in part, to their failure to perceive the nature of the problem. It is mainly attributable to the entanglement of their ideas with Marxism. The closest approach to a definite solution of this matter is their expression of the hope that equal "pay" might be achieved, coupled with an admission of the probability of an indefinite continuance of existing inequalities. That is to say, when brought square up against the concrete implications of their Marxian labor-value theory, namely, the universal payment of equal rewards for equal *quantums* of labor-time, the Guildsmen lamely acknowledge the impossibility of its application anywhere this side of that far horizon where pious hopes find realization!

The provision of capital is the second feature of the

[10] Podmore, *Life of Robert Owen*, Vol. II, pp. 409-411.
[11] *Cf. supra*, Chap. vi, Sec. 1-4, p. 175.

Guild Commonwealth which is rendered unsatisfactory by Marxism. As already suggested, the Guildsmen's vagueness in this respect is due in part to their lack of interest in such matters. It is, however, probably largely a consequence of their Marxian principles. With the exception of the Douglas-Orage Scheme, the whole Guild propaganda reveals a lack of understanding either of the nature of capital, or of the function of credit and of banking. Instead, there is a general suspicion of "Capitalism," and an evident desire to destroy it root and branch. Such an attitude is the natural concomitant of Marxism, which, seeing in capital the agency for exploiting labor and in *all* of its rewards mere stealings from labor, would therefore abolish "capitalism" out of hand. Approaching the question of social reform with such a cast of mind, the Marxist, and the Guildsmen after him, cannot be expected to devote much thought to the agencies to be substituted for the "capitalistic" institutions that would be destroyed. Their emphasis is almost entirely destructive.

The result of this tendency in the Guild Socialist proposals can be readily surmised. The regulations proposed for the provision, direction, and maintenance of capital resources are exceedingly fragmentary, and largely negative. They may be briefly recalled.

A place would be made for banks, but they would be attached to the various Guilds, and would not be permitted to pay interest on deposits. Indeed, by a recent resolution of the National Guilds League, the Guildsmen are officially committed to the doctrine that "a state of society which recognizes any individual person's right to receive interest on capital is fundamentally opposed to the Guild ideal."[12] Mr. Hobson would leave the Guilds to arrange their own financing through their banks, and through advances from

[12] Pamphlet, *The Policy of Guild Socialism*, p. 4.

their depositors, who would be, in most cases, their own members. Mr. Cole would leave such matters to the final decision of the "commune," but has practically nothing to say about the *mechanism,* as distinguished from the *authority* for capital provision. Money would consist of "guilders," that is, labor-time notes.[13]

What results might be expected from an industrial society whose finances were thus organized? First, the whole of the present-day machinery for saving, investing and replenishing capital would melt away. The banks would cease to be banks. They would be little more than cashiers' offices for the respective Guilds; they could expect few deposits other than the checking accounts of their members; they could not extend credit through the issue of bank-notes, since these would have been replaced by "guilders." They might extend credit through deposit currency, that is, the granting of "deposit accounts" to borrowers, but such a procedure would be extremely unlikely, for the prohibition of interesting-taking would make it impossible for them to recoup themselves even for the risks encountered, and the vesting in the State or the Commune of all title in the productive property of the country would make the pledging of adequate security on such transactions practically impossible. Furthermore, the abolition of interest, together with the communal provision for unemployment, sickness, and other vicissitudes would destroy the motives for the vast bulk of private savings.[14]

The conclusion is unescapable that, under such circumstances, the capital resources of the country would quickly be dissipated unless other financing methods were devised.

The Guildsmen have, to be sure, rather vaguely sensed the predicament into which their doctrinaire proclivities are likely to lead them, and have made tentative proposals

[13] *Cf. supra,* Chap. vi, Secs. ii-2 and 3.
[14] Field, *Guild Socialism* (London, 1920), pp. 148, 149.

for offsetting them. Mr. Hobson contemplates self-financing by the various Guilds through sinking funds and the like. Mr. Cole looks to public action, exercised through the communal taxing and appropriating functions.[15]

The same criticisms apply to both. First, they are so very incomplete and hazy as scarcely to warrant serious consideration. It is not, of course, incumbent upon social theorists to fill in all the minor details of their schemes, but they cannot leave unformulated their plans on questions of such primary importance as these, without laying themselves open to the charge of crass heedlessness or—what is more likely the case—of utter misunderstanding of their problem. Again, sketchily as they are drawn, both schemes display a faith in the thrift and foresight of collective groups which finds no support in social experience. The *minority* saves and invests; the majority is spendthrift. Future satisfactions are inevitably discounted in comparison with present ones, and relatively few individuals possess the self-control and reasoning power sufficient to induce them to overcome their impulses in order to postpone immediate enjoyments. With many of these latter, moreover, the added premium of an interest payment is necessary to turn the balance in favor of saving.[16] Now, so long as saving or spending is an individual matter, sufficient productive energy is diverted from the satisfaction of present wants to maintain the capital resources of society. Once, however, saving and investment were to become the function of a *group*—whether Guild or Commune —the improvident majority would gain control, and would in all likelihood make little, if any provision for future

[15] Cole, *Guild Socialism Re-Stated*, pp. 143-146; Hobson, *National Guilds*, p. 184. *Cf. supra*, Chap. vi, Sec. iii-2 and 3.

[16] The "time-preference" theory of interest underlies this reasoning. It is not necessary, however, for its validity in this connection to assume that "time preference" sets the *rate* of interest, or that an interest payment is required by *all* savers.

needs. Instead, "pay" would be advanced; prices lowered, taxes reduced, the quality of services improved, while provision for depreciation, obsolescence, expansion, and improvement would be neglected. The most cursory examination of the fiscal policy of any public body responsive to the wishes of its constituency will furnish convincing support to this conclusion.[17]

Finally, both plans suffer from the defect of extreme inflexibility. Conceivably, though improbably, the thrifty minority of a Guild or commune might gain enough adherents to permit of a financial policy sufficiently sound to keep existing economic institutions from running themselves into the scrap-heap. But, neither Mr. Hobson's nor Mr. Cole's scheme would be likely to provide the capital either for radically improved processes, the development of fresh material resources, or the building up of new industries. By its very nature, Mr. Hobson's self-financing scheme would be limited to existing Guilds, which would be extremely unlikely to undertake the underwriting of enterprises alien to their own particular functions—much less to enterprises which might compete with them,[18] and besides might very well be forbidden from doing so by a Guild Congress jealous of the undue expansion of any one Guild's influence.

Similarly, communal action, as advocated by Mr. Cole, could not be expected to favor the devotion of public resources to new and untried enterprises. Any public body of the dimensions of the "commune" would be exceedingly cautious, and rightly so. Not only would it be restrained by considerations of its large responsibility; it would also

[17] *Per contra, cf.* Taussig, *Principles of Economics* (1921 Edition), Vol. II, pp. 481-2.

[18] For example, the development of some source of power rendering a Coal Mining Guild superfluous. *Cf.* Field, *Guild Socialism*, p. 154.

be held back by the innate conservatism of the majority of the population from which its mandate would arise.[19] Mutual rivalries and vested interests of the Guilds represented in the "commune" would also militate against its providing capital for new enterprises. Such a tendency among the Medieval Gild councils held up inventions and improvements time and again, and there is no reason to suppose that it would not be repeated when a similar situation arose.[20] At the very best, then, Messrs. Cole's and Hobson's substitutes for the financial organization which they propose to wreck would probably lead to stagnation and eventual decay. At the worst, they would permit the community to embark upon the congenial but costly course of gratifying its immediate wants at such a rate as to convert its capital assets into junk. Not only has the Marxism of the Guild Socialists led them without misgiving to scrap existing arrangements for capital provision; it has so distorted their understanding of the issues involved as to render their alternative proposals incomplete and inadequate.

One further observation must be made regarding the results of Marxian economics upon Guild Socialist measures for raising capital. It is that the actual practice of the Guildsmen completely belies their theories. The Building Guilds are borrowing money, at interest.[21] Further, Mr. Cole himself, for all his fulminations against "usury," has finally come to the point not only of acquiescing in this "concession" to "capitalism," but has even gone to some length in outlining a method by which embryonic Guilds

[19] An interesting parallel appears in the field of education. As a rule, privately endowed schools and colleges make experiments and devise new methods; public institutions continue the old way until the new has been thoroughly tested. Even then they have to fight strong opposition to "fads" and "innovations."

[20] *Cf.* Renard, *Guilds in the Middle Ages*, pp. 112-115.

[21] *Cf. supra*, Chap. iv, Sec. iv, and Appendix i.

may "secure funds . . . at a fixed rate of interest." Mr. Cole goes on naïvely to point out that, if the money were procured at "a variable rate of interest" it would "violate one of the fundamental Guild principles."[22] The distinction carries no conviction. In so far as "Guild principles" have concerned themselves with interest, they have condemned *all* interest—"fixed" or "variable," and Mr. Cole has always been glad to give expression to this verdict "in good round terms," as he himself says. There is no blinking the fact that, once they get at hands grips with the actual business of constructing Guilds, the Guild Socialists proceed to throw overboard this, the most characteristically Marxist feature of their whole program. They would, of course, reply that such action is a mere temporary "concession" to permit the establishment of Guilds "in a non-Socialist society,"[23] but such a rejoinder carries with it the tacit admission that Guilds would continue to pay interest until that far-off day when a Guild Commonwealth would be finally instituted—when the practice would have become so well-established as to be very difficult of eradication. It should be further remarked that the gratification manifested by Guildsmen over their success in giving tangible expression to Guild Principles through the Building Guild is not justified; if these institutions do, in fact, involve a sacrifice of one of their most important principles, unless (tell it not in Gath) Marxism and all its works has no integral place in those principles at all.

This is, indeed, the writer's own conclusion. Marxism is irrelevant to the distinctive features of the Guild Idea, and is an almost fatal blight upon it. It is to be hoped that

[22] Cole, "Note on Forming Guilds," in *The Guild Socialist*, December, 1921, p. 9.

[23] *Cf.* "Notes of the Month," in *The Guild Socialist*, December, 1921.

Guildsmen will carry into theory the procedure they have adopted in practice, and forthwith cast out Marxism, with all its corollaries, prejudices, and inhibitions.

3. *Its misreading of economic history* is a less obvious weakness of Guild Socialism, but a serious one notwithstanding. As the earlier chapters have shown, the Guild Movement has, since Mr. Penty sounded his call for "the restoration of the Gild system," looked upon the medieval craft gilds as the patterns on which to build. Such a purpose presupposes either of two interpretations of economic history—both of which are untenable. On the one hand, it may be held that the gilds of the middle ages presented an admirable type of economic organization; that they were destroyed through outside and pernicious influences; and that they should be reconstructed pretty much in their original form. On the other hand, it may be held that the gilds gave way before the inevitable transformation of medievalism into modernism, so that their complete duplication is neither possible nor desirable; but that their general form and *spirit* should be revived. The first position is that of Mr. Penty and the "Medievalists." The second is that of Mr. Cole and the majority of the National Guilds League.[24]

It is evident that Mr. Penty and his associates would go very far along the road to a detailed restoration of the medieval gilds. Mr. Penty, in particular, believes that the gilds were destroyed by the introduction of certain antisocial economic and legal institutions—notably the revival of Roman law, the unlimited coinage of money, and the displacing of the *justum pretium* by competitive price.[25] He would, accordingly, do all that is possible to abolish these innovations, and to revive the old gilds, together with such distinctive characteristics as the local unit of organ-

[24] *Cf. supra*, Chap. vi, Sec. i-2, p. 164.
[25] Penty, *A Guildsman's Interpretation of History*, Chap. xiv.

ization, qualitative rather than quantitative production, and the substitution of handicraftsmanship in place of machinery as the typical mode of manufacture.[26]

Such a position is clearly unhistorical. It is true that the revival of the Roman law, and of money economy, helped break down the medieval economic system—the gilds with all the rest—but it is impossible to say dogmatically that the gilds owed their downfall solely to these factors, or solely to any single set of circumstances. The facts of social history have ever been too complex for the all-too-simple and the all-too-plausible "interpretations" that are so fashionable these days—the break-up of the gild system least of all.

The medieval gilds became obsolete in common with the manorial system, serfdom, and other economic institutions of the Middle Ages. They all gave way before modern ideas, modern political systems, and—most of all—modern economic practices. In the face of international trade, money economy, national commercial and fiscal policies, capitalistic enterprise, the division of labor, and the establishment of wage-labor, the gilds could not stand. Not only did they become out-of-date, they also developed abuses which rendered them incapable of performing properly whatever useful functions remained to them. Their control fell increasingly into the hands of cliques and bourgeoisie aristocracies; their journeymen became ever more the inferiors, and less the associates of the Masters; restrictions tended constantly to be onerous, unreasonable, and monopolistic. By the end of the seventeenth century, "through their own failings, quite as much as through the action of unfavourable surroundings, the gild system dwindled away till . . . it was little more than one of those worn-out in-

[26] Penty, *op. cit.*, Chap. xxi; *Old Worlds for New*, pp. 9-11, and *Restoration of the Gild System, passim.*

stitutions which live on from force of habit . . . so weak and tottering that they are at the mercy of the first shock." [27]

The conclusion to be drawn from this is obvious. The advent of the modern period rendered unavoidable what their own shortcomings made socially expedient: the destruction of the gilds. *Per contra,* their reestablishment would be as undesirable as it is unlikely. Not until society shall have reverted to the spiritual outlook, the intellectual concepts, and the physical limitations of the thirteenth century can the proposal to revive the craft gilds be anything more than an empty hope built on the irretrievable past.

Yet Mr. Cole's plan for restoring the general outline and spirit of the gilds is as chimerical as Mr. Penty's program, but for another reason. Whatever may be the shortcomings of the medievalist's position, it at least has the merit of comprehending and appreciating the nature of the gilds; their failure lies in their inability to perceive the quintessential dissimilarity between the medieval and modern periods.

The opposing school of Guildsmen, on the contrary, seems to have swung so thoroughly to a modernist viewpoint as almost entirely to leave out of account the characteristics of the gilds. These Guildsmen would leave modern industrial organization pretty nearly intact—nay, more, Mr. Cole would accelerate contemporary economic tendencies for the formation of industrial consolidations. And to all this, they would attach the general organization and spirit of the medieval gilds. As well talk of applying the general organization and spirit of the Compan-

[27] *Cf.* Renard, *Guilds in the Middle Ages,* Chaps. v, vi, vii. The English translation of this work has been provided with an introduction by Mr. D. H. Cole. The Guildsmen cannot, therefore, attack it as "prejudiced," as they are prone to attack most accounts of the Medieval Gilds.

ions of St. Francis to a modern Charity Organization Society![28] The two are cast of entirely different metal. The one was built around highly skilled, small-scale handicrafts, rigidly restricted, strongly traditional, fiercely local. The other takes for granted unskilled, minutely divided labor; large-scale machine production; remorseless change and innovation; national and even international organization. Whatever form of industrial self-government may be devised for an industry so constituted, it can have—with one single exception—nothing in common either in form or in spirit with the medieval gild. The exception noted refers to what might be termed the provident features of the proposed guilds. In such activities as unemployment maintenance, sick benefits, and the like, they would resemble somewhat their alleged prototypes; but for that matter, so would the ordinary benefit-paying trade-unions, friendly societies, and "fraternal orders," which make slight pretentions to medieval antecedents.

In sum, if the guild movement really undertakes to reproduce the gilds of the middle ages, it is based upon a false view of history, and is doomed to frustration. If it seeks to render itself economically acceptable by abandoning the distinctive characteristics of the gilds, it loses the right of claiming succession from them.

In this connection, as in the question of capital provision, appeal can be taken from more or less abstract speculation to actual experience. The Guild Movement has, as its protagonists are ready to proclaim, begun the establishment of Guilds—notably the Building Guilds. Now, are these Guilds really revivals in form and spirit of their medieval models? If so, are they also typical of modern business organization? The answer to the first query is a qualified affirmative; to the second, an unqualified negative. The Build-

[28] *Cf.* Cole, *Self-Government in Industry* (fourth edition), Chap. vii, Sec. iii.

ing Guilds are highly localized,[29] and one is made largely of skilled craftsmen, and is engaged in one of the few major industries in which handicraft methods still predominate. Moreover, the Building Guilds have specialized on that department of construction which conforms most closely to the traditions and methods of an earlier age—cottage-building. That is to say, the Building Guilds are in a very large degree a faithful reproduction of the medieval Craft Gilds; but *they also apply to an industry in which medieval conditions continue partially to exist.* The building industry is *not* typical of industry in general, and the Building Guilds cannot be typical of Guilds in general. Imagine, for example, a railroad organized into autonomous local gilds, or the coal-mining industry, trying to revive the ideals of medieval handicraftsmen! Their history simply verifies the contention already made: in order to be guilds in anything but name, such organizations would be as out-of-date in modern industrial society as a leather jerkin in Cheapside, or buck-skin moccasins and a feather head-dress on Broadway.

This is not to say that some type of "workers' control" may not be established in many or most industries. It is insisted, however, that, except in certain handicraft trades, whatever type of organization may be evolved, can have little beyond a very tenuous relation to the medieval gilds.

4. *The Douglas-Orage Credit Scheme* misses many of the economic shortcomings thus far discussed. It deliberately repudiates Marxism. It fights shy of pointing analogies between medieval gilds and modern industrial democracy, being, indeed, content with a very moderate degree of "workers' control." It is also free from censure on the grounds of vagueness in economic matters, for its argument embodies highly involved economic reasoning—probably

[29] *Cf.* in this connection, Hobson, "The Immediate Future of the Guild," in *The Guild Socialist*, December, 1921.

the most ambitious and original contribution to socialist economics since Marx's *Das Kapital.* Nevertheless, the scheme falls into a new set of economic difficulties on its own account. These relate: (1) to the preliminary analysis of the existing economic régime, and (2) to the scheme proper.

(1) *The preliminary analysis of the existing economic régime* is subject to attack from three directions: it does not square with the facts; it makes unwarranted assumptions; it is theoretically inadequate.

The analysis does not square with the facts in at least one respect. If the theory accurately described economic facts, inflation would be greatest and prices highest in regions where production was most active, and vice versa. Thus, at present, the United States and Great Britain, whose productive capacities were probably unimpaired by the European War, would show a much more highly inflated currency than France, Germany, and Austria, whose industries were crippled by war and revolution. It so happens, however, that the contrary is the case.

A recent statistical study shows the following relationships from 1913 to 1921, for various countries, between wholesale price index numbers and exports—the latter being a fair measure of production:[80]

	U. S.	France	United Kingdom	Italy
Exports:				
1913	448.3	110.6	213.0	40.4
1921	587.5	301.7	210.1	87.4
Wholesale Prices:				
1913	100	100	100	100
1921	148	278	278	520

[80] E. E. Day, in *Review of Economic Statistics* (Cambridge), December, 1921, Exports in millions of dollars, converted at par of exchange. 1913 average for year, 1921, month of July. Index numbers, same bass of comparison.

For Germany, comparative export figures are not available. It is, however, safe to assume that her production is *no greater* than in 1913, but the price index figures are as follows:

1913—100

1921—1476

An analogous comparison is of average steel production and average wholesale prices.

	U. S.	United Kingdom	France
Net Tonnage:			
1913 average	2523	639	362
1920 average	3394	753	243
Wholesale Prices			
1913 average	100	100	100*
1920 average	243	283	511

* *Ibid.*, steel exports, millions of net long tons.

From the foregoing, it is clear that the relationship between prices and production alleged by Messrs. Douglas and Orage does not exist. There has been a general price-inflation, as a corollary of war-time financing. But the *rate* of price increase bears no relation to the *rate* of production increase. Quite the contrary, England's exports have *decreased,* whereas her prices have increased twice as rapidly as in the United States, though exports have *increased* in this country. Again, Italy has increased exports only by a little over 100 per cent, but has increased prices by over 500 per cent. As for Germany, her exports have almost certainly dropped sharply, and certainly she is neither exporting nor producing at more than her pre-war volume, but her prices have increased nearly 1500 per cent.

Steel production is even a better index of productivity. It is a basic industry, and it is measured in physical, not value units. Yet here, the relationship between price and production is also counter to the Douglas-Orage theory.

In the United States, production has increased in the ratio of 2 to 3, and prices have increased in the ratio of 1 to 2.4, whereas in the United Kingdom production has increased in the *smaller* ratio of 6 to 7, while prices have increased in the *larger* ratio of 1 to 2.8. As for France, her production has *decreased* in the ratio of 3 to 2, while her prices have *increased* in the ratio of 1 to 5.

If it is claimed that these figures refer to war-time conditions, it may be replied that the Douglas-Orage analysis refers to the same conditions, for it was made during the height of the post-war inflation, and its propagandization has been constantly in terms of it.

If figures for Russia were available, the discrepancy between the analysis and actual conditions would be even more striking. The theory clearly fails to meet the most fundamental test to which any economic doctrine can be subjected: comparison with concrete fact.

The reason for its failure in this respect will be found by examination of the assumptions upon which the Douglas-Orage scheme rests, and of the deductions drawn by its authors from them.

The analysis makes unwarranted assumptions as to the way in which market values are fixed. It will be recalled that Messrs. Douglas and Orage believe prices to be chronicly disproportionate to available purchasing power, because goods are valued at total cost, whereas purchasing power is issued in respect only of final cost, and, further, that trusts and rings deliberately keep supplies short and prices high.[31] It may be observed, incidentally, that these postulates are mutually inconsistent, but each is subject to a more fundamental objection.

The first amounts to an assertion of a *cost-of-production theory of value,* for its alleges that prices equal the total

[31] *Cf. supra,* Chap. v, Sec. iv-2.

of the accumulated costs involved in goods. Now, if modern economic thought has done nothing else, it has knocked the cost-of-production value doctrine into a very neat cocked hat. There is no need here to recount the history of the downfall of that doctrine, or the reasons therefor.[32] It is enough to say that nearly all of the fallacies found in the Marxian labor theory of value are present in slightly different forms in the cost-of-production theory. The supporters of the Douglas-Orage Scheme are, accordingly, put into the rather unenviable position of repudiating Marxism in one breath, and tacitly assuming in the next a theory wholly as fallacious.

Again, the assumption that prices are typically controlled by monopolistic methods is, to say the least, rather "steep." Certain prices are controlled in this way, but it is doubtful if the monopoly price is a normal phenomenon in even the most "trust-ridden" country.

The importance of these loopholes in the Douglas-Orage Scheme cannot be over-stressed. Not only do they go a long way towards invalidating its indictment of the existing order, but, as will be shown below, they seriously impair the constructive proposals of the scheme proper.

Nevertheless, the heart of the whole theory is its theory regarding price and purchasing power. If this is sound, the scheme, though weakened, may still stand. But it is not sound.

The analysis is theoretically inadequate as to its discussion of the relation between the price level and purchasing power for two reasons. First, it fails to take into account the continuity of industry, and the dynamic nature of credit; and, second, it confuses abnormal with normal phenomena.

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[32] A very able brief discussion of the issues involved is in Clay, *Economics for the General Reader* (American Edition, New York, 1919), pp. 242-250.

By disregarding the continuous character of industrial processes, and of the never-ceasing activity of credit, the Douglas-Orage analysis offers a vulnerable spot at its most vital point. Assuming that price equals cost, the authors of the Scheme hold that *total* costs are reckoned in the fixing of prices, including the cost of the preparation and extraction of raw materials, the construction of machinery, and the like, plus the cost of the final operations upon the ultimate product. However, they maintain, only the money paid for these final operations is available for the purchase of the product so costed and so priced, since that spent for intermediate processes has been long since paid in wages, salaries, and dividends; has been expended on an earlier set of final goods, and has been returned to the coffers of the bankers, there to be held out of circulation until reissued in connection with another productive enterprise. That is, they hold that the recipients of wages, salaries, and dividends are never able to pay for the commodities in respect to which their incomes are derived. Again, they claim that purchasing power in general is chronicly depreciated in a second way, in that credit is always issued *in advance* of the completion of final products, so as to make currency always outstrip production and so become inflated. This whole chain of reasoning is upset by the two considerations which the authors of the scheme disregard.

The fact of the *continuity of industry* prevents the progressive inflation of the currency, and also the under-issue of purchasing power to recipients of wages, salaries, and dividends, as alleged. The authors base their reasoning upon a conception of industry as being *discontinuous,* and not as *continuous.* That is, they look upon it as made up of a series of unrelated industrial operations, and confine their analysis to each operation *in vacuo.* Hence, they consider the inflation of general purchasing power in respect of the

production of *one* commodity, and the disproportion between purchasing power issued and prices charged likewise in respect of *one* commodity. But this method is unwarrantedly artificial. Industry is continuous; the production of one good overlaps that of another, and this, in turn, is followed by a third, so that there is almost a steady flow of products. This being the case, a cross section of society at any moment would reveal goods in all degrees of nearness to completion; some all but ready for final consumption, others barely begun, and an almost infinite series of gradations in between. As fast as one is finished, another is started. Accordingly, while purchasing power is being issued in advance of one commodity, it is being spent on the purchase of some other commodity. Likewise, while credit is being issued in respect of the preliminary processes on one, as yet unfinished, commodity, it is also being issued in respect of only the final processes on another commodity whose price includes, however, previous credit advances.

Here the bearing of this fact upon the theory under discussion becomes clear. In the first place, general purchasing power is *not chronicly inflated.* For, while it is true that, on any one product, purchasing power is issued in advance of that product's completion, it is also true that it is withheld *in exactly the amount it was previously advanced,* when that product ultimately is completed, and it is further true that the continuous nature of industry brings it to pass that, while purchasing power is being advanced on one product, it is at the same time being withheld on another. To put the case concretely: a pair of shoes selling at $10 may have $8 worth of spending power issued upon it some months or years before it is ready for sale; by the same token, only $2 in wages, salaries, and dividends are issued in respect of it when it ultimately is finished. But, also, when the shoes are finished, a pair of trousers worth, say, $10 is well under way, and $8 in

purchasing power has already been issued in wages, salaries, and dividends upon them. Now, if either the shoes or the trousers be regarded alone, inflation seems to be taking place. But if they be regarded together—as they should—it is clear that restriction of credit issue in one direction offsets expansion in another. Neither can it be objected that, in reality, there would not be such a perfect agreement between any two cases as the illustration implies. There would be practically an infinity of cases, and the law of averages would operate to make under-issues and over-issues correspond almost exactly.

Again, this same fact renders impossible the supposed under-issue of purchasing power to individual recipients of wages, salaries, and dividends. Here, also, over-issues in one direction offset under-issues in another. Hence, while recipients of income derived in respect to any *one* commodity may not receive a sum sufficient to purchase all of that commodity, recipients of wages, salaries, and dividends *in general* would receive exactly enough. Reverting to the previous illustration, the recipients of income in respect of the trousers could add their resources ($8) to those being paid for the final processes on the shoes ($2) and have just enough to pay for the shoes ($10).

It may be objected here that the time element has been overlooked, that no account is taken of the fact that purchasing power, once spent, finds its way back to the coffers of the banker, there to be added to *his* credit, and not to the consumer's. That is, it may be held that the $8 paid in advance of the making of the trousers very soon passes through the channels of trade back to the banker, who holds it out of circulation, until it is reissued in respect of a new productive enterprise, and that, in the meantime, it is *not* available for the purchase of the shoes.

The dynamic nature of credit furnishes the reply to this contention. This factor has also been overlooked by

Messrs. Douglas and Orage. They forget that credit is not hoarded, but spent—productively spent, but spent nevertheless. If it is hoarded, it ceases to become credit, and drops out of account. Indeed, to just the extent that it is hoarded, it deflates the currency, and raises general purchasing power. However, it must be assumed that the credit reabsorbed by the bankers is utilized by them as it would be by any investor in his senses, and is *immediately* reissued upon some new productive enterprise. Hence—the continuous character of industry being held in mind—it is clear that the absorption of credit by the banker means merely a new form of expenditure, and not withdrawal from circulation. That is, the illustration just used has merely to be elaborated, by the insertion of a banker one or two steps before the expenditure of money on the trousers, to meet the objection.

Therefore, even if the assumptions of Messrs. Douglas and Orage could be taken at face value, their conclusions would still be vitiated by the inadequacy of their theory in its neglect of certain essential features of industrial operations and of credit. These features bring about a compensating relationship between credit issues on various industrial processes with the consequence that general purchasing power does not expand faster than production, but keeps pace with it, and that recipients of wages, salaries, and dividends, *taken all together,* constantly receive the equivalent of the cost-prices of goods, taken all together.

Nevertheless, it may further be objected that this discussion is unduly abstract, that it disregards the obvious fact that inflation has been taking place in recent years, and that wage, salary and dividend receivers, as distinguished from *entrepreneurs* and speculators, have, as a class, not possessed purchasing power sufficient to maintain their customary standards of life. In the face of these facts,

the supporters of the Credit Scheme may still feel justified in adhering to it.

Here the third element of theoretical weakness becomes manifest, and that is *the confusion of normal with abnormal phenomena.* There is no denying that inflation takes place, especially in times of war, political upheaval, and business "booms," such as the world has just witnessed. There is likewise no denying that, during such periods, purchasing power goes sadly askew, recipients of business profits getting far more than they are ethically or economically justified in getting, and those living from wages, salaries, and dividends—especially the first two—getting far less. The situation is thoroughly bad, and is a blot upon modern industrialism. Nevertheless, these circumstances are *abnormal,* if recurrent, concomitants of modern business enterprise, whereas Messrs. Douglas and Orage find them normal, chronic, and inevitable. It is one thing to describe some grave functional disorder; it is quite another to pronounce it a natural physiological process. This is the fallacy into which the authors of the scheme have fallen. They perceive certain serious disturbances in the mechanism of industrial financing, and they declare them to be the natural and necessary mode of that mechanism's operation. The fallacy is natural, and excusable, but it is a fallacy none the less.

The Douglas-Orage analysis, therefore, is theoretically untenable, makes unjustified assumptions, and runs counter to the actual tendencies of movements of prices and credit. What of the scheme which is based upon it?

(2) *The Scheme proper,* as suggested above, takes cognizance of certain abuses in modern industrial financiering, erring chiefly in regarding them as typical and not exceptional, and undertakes to remedy them. Irrespective, therefore, of its theoretical presuppositions, the Credit Scheme must be studied on the basis of its claims to be a device for

preventing inflation, and for insuring communal control of credit and of production. From this viewpoint, the scheme presents both theoretical and practical difficulties.

The theoretical difficulties are the most vital. They relate to the basis for price-fixing proposed. This basis is the use of a modified labor-time unit, and, as such, is no better than the Marxian labor-time units adopted by the other Guildsmen. As already shown, the Douglas-Orage analysis tacitly assumes a cost-of-production theory of value. Now, the Scheme continues on this same line of reasoning, and proposes the use of cost-of-production figures in determining price.[33] Further, the authors' discussion of the Scheme shows conclusively that they expect to reckon cost mainly in terms of "man-hours." Now, "man-hours"[34] has an impressive technological sound to it, which may deceive the unwary—including Messrs. Douglas and Orage—into thinking that it means something more than the much despised Marxian labor-time units. As a matter of fact, it means exactly the same. Consequently, the authors are brought up against precisely the same difficulties as are the Marxians. If "man-hours" are to be taken in their literal meaning, all sorts of anomalies concerning the valuation of goods must result—the approximation of skilled and unskilled "man-hours"; lazy and diligent "man-hours"; pleasurable and distasteful "man-hours"; and so on. If an attempt is made to adjust different degrees and kinds of "man-hours" one to another, then the whole basis of valuation must necessarily be abandoned in favor of some other principle. The Scheme is likely, therefore, to break down at its very center, price-fixing, in that it undertakes to base prices on a cost-keeping system which can be made to work only by being given up.

[33] Douglas and Orage, *Credit Power and Democracy*, pp. 150, 186, 187. *Cf. supra*, Chap. vii, Sec. v-2.

[34] Douglas and Orage, *op. cit.*, p. 179.

The practical difficulties of the Scheme[35] would probably render it futile, even if its price-fixing mechanism were not faulty. In the first place, it would get into endless difficulties in relation to other countries; in the second place, it would involve a terrific law-enforcing burden.

The scheme scarcely takes cognizance of the presence of any other country but that to which it would be applied—England in the first instance. It does provide for disposing of export commodities "in relation to the world market and in the general interest."[36] But it takes no notice of the far more important problems concerning the general price level in the country which would adopt the scheme as compared with those continuing on the present basis. What about foreign exchange? What of the value of English bills of exchange, for example, in the American or French market? How would England be assured a supply of raw materials? What would prevent a steady beating down of British exchange with relation to other countries, until her manufacturers found themselves in much the same position as European industrialists find themselves to-day with relation to America? This situation is not at all exceptional. It arises when any part of the world adopts a currency system out of gear with those nations with which it trades. Bimetallic currency systems have been wrecked in the same way.[37] Abstractly bimetalism has much to recommend it, but, given national boundary lines and international trade, bimetalism is bound eventually to upset the exchange relations of the country practicing it. Thus, the Douglas-Orage Scheme might

[35] The writer is indebted to Professor Allyn Young, of the Department of Economics, Harvard University, for the suggestion upon which this criticism is based, and also for his stimulating commentary upon the whole Douglas-Orage position, and of the writer's discussion of it.

[36] Douglas and Orage, pp. 161, 203-205.

[37] *Cf.* Taussig, *Principles of Economics*, Chaps. xx and xxi; Holdsworth, *Money and Banking* (New York, 1920), Chap. i, Secs. 13-15.

have many virtues, but so long as it was applied to one country only, it would be likely hopelessly to dislocate that country's foreign trade—England's most of all.

Again, the scheme would place an almost overwhelming strain upon the law-enforcing machinery of any state adopting it, for it would involve a universal and iron-clad régime of price control. To be effective, every sale of every article entering into exchange would have to be fixed in advance, and rigidly maintained The slightest discrepancy between the official and the actual price of any commodity would undermine the delicate balance between prices and credit-issues which the scheme would achieve. A little later attention will be called to the tremendous bureaucracy such a régime would entail. It is sufficient here to point out the very high order of administrative capacity, honesty, and zeal that would be required to set prices, and the gigantic police and judicial systems necessary to maintain them. The administrative tasks would exceed anything ever undertaken at the zenith of Mercantilism; the policing difficulties would make those involved in the bringing about of national prohibition seem simple. And, it must be repeated, the enforcement of the price-regulations would have to be 100 per cent efficient to fulfill their purposes. Whatever virtues the Scheme possesses, feasibility certainly is not one of them.

Thus, the Credit Scheme, despite its very serious endeavor to give Guild Socialism a solid economic foundation, does, nevertheless, contain patent and important economic shortcomings. The analysis on which it rests fails when tested in the light of fact, and of theoretical soundness. The Scheme proper embodies an untenable value theory; carries with it the risk of wrecking foreign trade, and is all but impossible of enforcement. Likewise, those sections of Guild thought outside the Credit Scheme present grave weaknesses on their economic side. They manifest a re-

grettable indifference and vagueness in this direction, and a tendency to borrow wholesale from Marxism, with disastrous consequences to their logical position, and to their concrete proposals, especially in matters of capital and credit provisions. Finally, their fundamental conception of the possibility and desirability of reviving in whole or in part the gilds of the Middle Ages rests upon a false interpretation of economic history. It is evident that, if Guild Socialism is to be more than an ephemeral phase of radical propaganda, its economic features must be thoroughly and drastically made over. The next chapter will show that the writer thinks the Movement possesses elements of great permanent value, but he also holds strongly to the opinion that these features are in danger so long as the weaknesses described in the foregoing analysis are not overcome.

Guild Socialism is not, however, purely an economic doctrine. Consequently, no criticism can be complete which does not consider its political, psychological and ethical features.

II. The Politics of Guild Socialism

The Guild Idea has stimulated extensive and fruitful discussion on political theory. In the hands of such men as Messrs. Cole, Hobson, and de Maeztu, especially, it has been productive of striking and valuable contributions to political ideas. The Guildsmen have, however, boldly challenged existing concepts of government, and they cannot expect universal acceptance for their doctrines.

At the outset, it should be said that one possible form of attack will *not* be undertaken, and that is against the idea of democracy as such. It may be that democracy—especially as at present conceived and conducted—is a very weak vessel indeed. It undoubtedly must undergo pro-

found alterations to be even tolerably efficient, and it may possibly have to be given up. Nevertheless, the only democracy of which there has been any considerable experience is *political,* not industrial, so that the only objections which can reasonably be offered to democracy apply equally well to political as to industrial democracy. Hence, if industrial democracy is to be rejected *qua* democracy, the whole democratic basis of society is also to be rejected. This is a position which the writer, for one, is not willing to assume. Neither does he feel it the part either of fairness or of consistency to go half way, and level attacks against democracy in industry without following the logic of his position, and applying them to democracy in government. The broad issues of the democratic dogma are accepted for the purposes of this discussion, and the Guildsmen will not be assailed for trying to apply that dogma to industry as well as government. The particular machinery which they would adopt, however, may properly be, and will be criticized.[38]

There are, nevertheless, four phases of Guild Socialist politics that are open to question: (1) the hazard of anarchy; (2) the trend towards Collectivism; (3) the impotent "commune" as an alternative to the omnicompetent state; and (4) the failure to provide for a party system.

1. *The hazard of anarchy* attaches to certain proposals for the approach to the Guild Commonwealth. The anarchistic tendencies in the "left-wing" program for bringing about Guild Socialism are obvious. They involve a revolution of violence, with all that such a course implies. It is, of course, possible that such a revolution would eventually issue in a more or less stable government, as in Russia to-day. It is, however, just as possible that it would degenerate into an indefinite reign of banditry

[38] In this position the writer differs absolutely from the stand taken in Field, *Guild Socialism,* Chap. vi.

and of local dictatorships, as in Mexico or Haiti; and it is almost certain that it would bring about an interregnum of confusion during which the material and moral resources of the country might be all but irretrievably ruined.[39]

It is, perhaps, not quite so apparent that the more moderate proposals carry with them a similar risk. This circumstance results not so much from the *methods* as from the *measures* advocated, for these latter are such as to make almost inevitable a clash of interests resulting in violence. This tendency is especially clear in the confiscatory proposals which, as has been seen, occur in one form or another among all schools of Guild thought except the Douglas-Orage Scheme.[40] Now, such demands would almost certainly be resisted by the "capitalistic" classes; such resistance would lead to an open struggle, and—once the issue had been joined—all the hazards of violent revolution would appear. From the long-run viewpoint, it makes no difference whether the proposed revolution openly resorts to physical combat, or whether it adopts a policy which is clearly liable to incite to conflict. It is conflict, *per se,* with its corollaries, that matters.[41]

It may be claimed that this criticism applies to most drastic reforms. To this it can be equally well answered that, in so far as Guild Socialism partakes of the nature of those other radical movements, it must accept such criticism.

Again, the Guildsmen might maintain that no really vital reforms have ever been accomplished without some violence,

[39] *Cf.* the Guild Socialist objections to this position, *supra*, Chap. iv, Sec. v, pp. 129-132.

[40] *Cf. supra*, Chap. vii, Sec. iii-3.

[41] "It (The National Guilds League) still thinks in terms of peaceful change, and advocates proposals that involve war," Mellor, "A Critique of Guild Socialism," in *The Labour Monthly*, November, 1921.

or, at least, the risk of incurring it, and that the only objections that validly can be made against Guild Socialist politics, must apply to its ideal commonwealth, and not to the steps proposed for reaching it. To this, it should be said that the methods of approach to any scheme are an integral part of it, since they may make or mar its ultimate aims. Nevertheless, no such claim can be advanced against the remaining points of political criticism, since they apply only to the Guild Socialist forecast for a future society.

2. *The trend towards Collectivism* is a feature of Guild Socialism which the Guildsmen would undoubtedly repudiate, but which is, notwithstanding, perfectly obvious. It appears with particular clearness in the proposals of Mr. Cole and his colleagues, and of Messrs. Douglas and Orage. In fact, the tendency towards Collectivism is about the only feature in which these two groups show more than the most remote similarity of opinion. Mr. Hobson's and Mr. Penty's ideas offer, it is true, an alternative, but an impossible one, namely, unrestrained and irresponsible producer control.

The Collectivist elements in Mr. Cole's theories become clear after a brief review of his speculations concerning the "commune," more particularly the national "commune." He would endow the "commune" with a variety of functions, such as the coördination of services, the settlement of disputes, and the assumption of final authority on questions of price, "pay," and taxation. Now, it takes only a minute's reflection to realize that these functions carry with them tremendous power—especially those relating to financial questions. In fact, the financial powers alone—as is amply recognized by Messrs. Douglas and Orage—endow those holding them with a most far-reaching control over the industrial life of the community. Any agency which could dictate an industry's policy as to price

and method of remuneration, and which could withhold or advance at pleasure the funds necessary for its maintenance, improvement, or expansion could exercise practically absolute authority over it. If there were added to this the additional powers of coördination and adjudication, its position of power would be overwhelming. And, as if this were not enough, Mr. Cole undertakes to give his "commune" coercive functions, so that it could call in all the physical resources of organized society to enforce its decrees. The most unregenerate Collectivist could scarcely devise a more thoroughgoing control over industry.

Mr. Cole might, of course, object that the "commune" would differ materially from the Collectivist state in being based on functional, rather than on territorial representation; that so long as the government represented citizens voting in their occupational capacities, and not merely in an undifferentiated mass, it could not be autocratic.[42] But the distinction is more apparent than real. If Collectivism signifies anything, it means the subjection of the industrial producer, or association of producers, to the interests of the group, at the hands of officials appointed by its representatives, that is, a bureaucracy. And the "commune" would certainly bring this to pass. No matter what its basis of representation, it would of necessity legislate with a view to that general interest, perhaps to better, perhaps to worse advantage than the present territorial state, but in that same interest.[43] Moreover, these functions of the "commune" would apply to exactly those issues with which Collectivism would concern itself, namely, the control of industry. Again, some sort of bureaucracy would have

[42] *Cf.* Cole, *Social Theory*, Chap. vi.

[43] In fact, the claim that such an organization would more nearly represent the general interest is the burden of most of Mr. Cole's theory.

to administer the "commune's" decrees. It might not be a Fabian bureaucracy, nor a Monarchial Prussian bureaucracy, nor yet a Russian Supreme Economic Council, but it would be essentially similar to them. And, lastly, be it repeated, there would be ample coercive power back of the "commune" and its officialdom.

In the hands of Mr. Cole, and the adherents of his theories, therefore, Guild Socialism has trodden a devious path. Starting its career as a passionate revolt against Collectivism, it has slowly and indirectly, but no less steadily, been brought around to a point where it calmly builds into its ideal commonwealth provisions out of which Collectivism is bound to develop.[44]

The collectivist features of the Douglas-Orage Scheme are at once more and less obvious than those in the "Guild Commune." They are more obvious because more explicit, but less obvious because less far-reaching.

Reference to the Scheme shows that it frankly recedes a considerable way from the original Guild Socialist demand for complete industrial self-government. Instead, it undertakes merely to grant producers' organizations as large a measure of "administrative control" as may be consistent with communal "policy control." On the other hand, it proposes to grant the community complete authority over industrial policy, through the producers' banks, and through the central credit-issuing agency. Now, all these measures are manifestly Collectivist, to wit, the implied control of industry in the interests of the society in general, by the agency of its representatives acting through a bureaucracy.

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[44] One is tempted to remark that Mr. Reckitt's jingle hits the nail pretty squarely on the head:

"Mr. G. D. H. Cole is a bit of a puzzle,
With a Bolshevist soul
And a Fabian muzzle.
A bit of a puzzle is G. D. H. Cole."

Yet there is this difference: the community and its agencies would be given authority *only* over policy, while the producing organizations would be left free to work out any method of actual operations they might choose. There would, in other words, be about the same degree of control and interference which the financial backers of a modern business corporation exercise over its affairs, and that would be very slight indeed so long as certain policies and standards of performance were maintained. Mr. Cole's "Guild Commune" would, however, contain no such self-limitation on its prerogative. It would have authority over Guild budgets, including "pay," and over all matters in dispute between Guilds; so that its opportunities for continuous and detailed intervention in Guild administration would be very great. The Douglas-Orage Scheme, thus, endows the bureaucracy representing the community more explicitly and broadly with powers of control over industry than the "Guild Commune," but does not leave open so many chances for what is after all the most objectionable feature of Collectivism—namely, arbitrary authority over the management of industry. Both forms of authority are, nevertheless, thoroughly Collectivist.

But what of Mr. Hobson's ideal for "civic sovereignty," and Mr. Penty's "medievalist" plans? They, too, claim to be Guild Socialist. Are they subject to similar objections?

Mr. Penty's proposals are clearly not Collectivist. Mr. Penty has been a consistent anti-Collectivist from the beginning of the Guild Movement. His theories provide for a maximum of local, guild autonomy, and for practically nothing else. Therein lies the weakness of his proposals. As pointed out in the discussion of Guild economics, they seek to reëstablish medieval Gilds in an industrial society where they would be hopelessly obsolete, and one aspect of

their unfitness for modern conditions would be their utter irresponsibility. In the Middle Ages, with their strong ecclesiastical authority, fixed customs, and local markets, other forces prevented exploitation of the community, but none of them are present to-day. So the "medievalists" escape the charge of Collectivism by completely avoiding issues which Collectivism undertakes to meet, namely, the representation of the community as over against the producing agency. They are not Collectivists because they are very close to something even worse, and that is industrial anarchists.

As for Mr. Hobson's plans, all that can be said is that, if they would work at all, they would do so in a Collectivist manner. Mr. Hobson furnishes the basis of Collectivism by providing for a politically organized "civic" state, endowed with supreme sovereignty, including control of the community's coercive machinery. He seeks to avoid Collectivism, however, by failing to provide the state with any active functions, and, by the same token, with any bureaucracy. That is, a sovereign state, with nothing to do, and nobody to do nothing with (if such a Celticism may be permitted), could not very well develop any Collectivist authority, nor for that matter, any other kind of authority. Here appears the weakness of the "civic sovereignty" theory; it would render the state totally incompetent, making it a state only in name, and society as a whole would be as ill represented as under the "medievalist" version of Guild Socialism. Either this situation would appear, or the "civic state" would rise to the emergency by assuming, one after another, powers looking to the control of industry—that is, Collectivist authority. This would probably be the course of events, since any sovereign body, in such circumstances, could scarcely act otherwise. Mr. Hobson's program would thus eventuate

either in mere political futility, or in the adoption by degress of Collectivism, probably the latter.[45]

In contemplating the strange fate which has led Guild Socialism out into battle against Collectivism and then made it veer around to an alternative between an unavowed but real Collectivism and unrestrained producer control, one is constrained to wonder whether any other outcome could be expected. Once industry is taken out of private hands, can it, without danger to the public interest, be long kept free of pretty extensive control by the representatives of society as a whole; must not socialism inevitably end in "a man behind a window"—that is, bureaucracy? The writer is inclined to answer the query with a regretful affirmative. But, as the succeeding chapter of this work will show, he is also inclined to think that the Guild Idea does not necessarily carry with it socialism—at least as generally understood—and is not, therefore, necessarily doomed to disappoint the hopes of its founders, and surrender to Collectivism.

3. *The impotent commune as an alternative to the omnicompetent state* is a feature of Mr. Cole's theory of the "Guild Commune." His ideas as to the unsuitability of the omnicompetent territorial state, and as to the virtues of functional democracy and divided sovereignty have been described elsewhere.[46] He and his supporters would abolish the sovereign state, would distribute sovereignty among various functional associations, and would endow this collectivity of their representatives—that is the "commune"—with the dignity and the coercive machinery of the former state. They admit that disagreement would take place between the sovereign functional bodies so constituted, but they also trust that they would come to agree-

[45] *Cf.* Mr. Cole's criticism of the "Civic sovereignty" position in Cole, *Self-Government in Industry*, "Introduction to the Fourth Edition."

[46] *Cf. supra*, Chap. vi, Sec. iii-3.

ment and "coördinate" their various differences.[47] Their optimism is praiseworthy, but not convincing. The "Guild Commune" doctrine is, after all, little more than an extension of the "checks and balances" theory of government, with which Americans have—to their sorrow—had ample experience of late.[48] Like the American constitutional theory, "functional democracy" aims to prevent undue aggrandizement of authority by the government through an allocation of sovereignty which gives each branch of the government the power to block the others, but counts on their reaching sufficient agreement to permit the proper functioning of public business.

The anticipations of the American constitution makers have been fairly well fulfilled. Occasions have arisen when one branch of the government has been rendered practically helpless by another—especially in controversies between Senate and President. Yet the provisions for final adjudication by the Supreme Court, the overriding of presidential vetoes, and the ultimate reference of public policies to the electorate have always prevented absolute deadlock, and indeed—in times of crisis—have vested the government with almost unlimited powers. Now, there is good reason to believe that the "Guild Commune" would give as wide opportunities for the blocking of one agency by another as would the American system, but there is no evidence that a deadlock, once reached, could be broken. In the first place, there is no court of last resort; no way in which one branch can override the veto of another; and what is most important, no final appeal to the electorate, for there is no *one* electorate, but, instead, a congeries of "democratic functional associations," each with a special interest and a special mandate to its representatives. For

[47] *Cf.* especially Cole, *Guild Socialism Re-stated*, pp. 123-124.

[48] *Cf.* Bryce, *Modern Democracies* (New York, 1921), Vol. II, pp. 19, 20.

example, once the issue was joined on some vital matter—say a question of price—on which consumers and producers would line up about equally, the "Commune" would fail to agree; there would be no agency to force a compromise, or to arbitrate the difference; and "an appeal to the country" would settle nothing, since both sides would be responsible to constituencies whose interests and wills would be as entirely opposed as those of their representatives. Nothing could be expected from such a situation but an indefinitely prolonged deadlock, which would be broken only by the exhaustion of one or both sides, or by violence.

The "Guild Commune," then, would have the defects of its qualities. It would organize people upon the basis of their different and divergent interests; would give them an opportunity to thwart each other; and would give nobody —not even the population as a whole—a chance to make them compose their difference. The omnicompetent state admittedly works badly at times, but it *does* work, which is more than the impotent "commune" would be likely to do.[49]

It should be repeated that this criticism applies only to the social theory adumbrated by Mr. Cole and his associates. Both Mr. Hobson's "civic" sovereignty theory, and the Douglas-Orage Scheme provide for a political state, and thus an agency which possesses final authority, and the means for achieving unified action. Likewise Mr. Penty does not seem desirous of abolishing the state, although he would restrict its industrial activities. Nevertheless, it should also be pointed out that Mr. Cole's theory is now the official Guild Socialist position—as evidenced by the National Guilds League's statement of its "objects."

[49] For a somewhat similar argument, *cf.* Field, *Guild Socialism*, Chap. v.

Therefore, the Guild Movement may properly be criticized on account of this theory.

4. *The failure to provide for a party system* is also a peculiar weakness of the "Guild Commune" idea. Although practically nothing is said concerning parties in the Guild Socialist literature, there would still be room for parties under all the various forms of Guild Socialist Commonwealths, excepting the "Guild Commune," and it may be taken for granted that—the political nature of man being what it is—parties would arise under them. Mr. Cole's theory, however, neither considers nor permits a party system. The reason for this circumstance is not far to seek. Parties depend upon a large undifferentiated electorate, among whom opinion fluctuates sufficiently to permit the securing of a majority by now one, now another of two or more political groups. It is not necessary that all the electorate should be "impartial"; in fact, it is likely that a large proportion should vote regularly in accordance with various sectional, religious, racial, or economic interests. Yet, under a party system, a large enough part of the voting population shifts from one opinion to another to cause a distinct ebb and flow in the strength of the various groups. Now nothing of this sort could occur in the "Guild Commune," for—as has just been pointed out—not part, but *all* of its electorate would be split up into various "democratic functional associations." There would be, *ex hypothesi*, no relatively unattached voting group, which could shift from one party to another; every group would vote according to its own fixed interests. There might, it is true, be party lines *within* the guilds, or consumers' associations, but there could be none in society as a whole.

At best, there might be working agreements between different functional groups, but these would be short-lived; because based on no real identity of interest, and—

as the preceding section has indicated—would in the case of a serious clash of opinions probably fail to give any one set of principles a predominance over society as a whole.

No party could even hope to command the allegiance of enough functional associations to remain long in power, let alone to hold together over a long period of years, in power or out.

It may, of course, be maintained that parties are *per se* evil, and that the failure to provide for them should be counted for righteousness to the "Guild Commune." To this, the writer can only reply in the words of Lord Bryce, "no one has shown how representative government could be worked without them." Without strong, responsible parties, government becomes the prerogative of an oligarchy, the temporary possession of political jobbers, or the prize of demagogues and mobs. Party government, like government in general, has many faults, but the abolition of either is not seriously to be contemplated.[50]

Thus, there appear to be serious anomalies and danger spots in the politics of Guild Socialism—more particularly the theories of functional democracy which have reached their most distinctive development at Mr. Cole's hands. These latter render the Guild Commonwealth liable to complete self-stultification through the absence of any effective coördinating machinery, and to deprivation from the undoubted, if occasionally distasteful, advantage of a well-established party system. In addition, all shades of Guild thought show a tendency either towards the abandonment of the community to the producer's interests, or towards Collectivism. Again, with the exception of the Douglas Scheme, all the Guild proposals either explicitly counsel a revolution of violence, or make one practically

[50] For a full discussion of the position taken here, *cf.* Bryce, *Modern Democracies* (New York, 1921), Vol. I, Chap. xi.

inevitable, and so would lay the community open to the hazard of anarchy. In its politics, as in its economics, Guild Socialism must be drastically revised if any society is to accept it without grave misgivings.

III. The Ethics of Guild Socialism

In the case of economic, political, and psychological analysis, viewpoints otherwise irreconcilable will generally agree in accepting as a basis of discussion the premise that workability, consistency, and harmony with natural forces are prerequisite to the acceptance of any scheme. In regard to the ethical phases of a reform program, on the other hand, no such commonly held point of departure exists. Instead, each individual must proceed upon the basis of the standards held by himself, or by a relatively limited group, and must expect to have his entire position swept from under him by a flat rejection of them. Nevertheless, ethical considerations are, at least, of as great moment as economic, psychological or political, especially in questions of social reform. Consequently, the critic cannot neglect them, though he must undertake them with a clear understanding that his conclusions are valid only in those quarters where his premises are admitted. Appreciation of these limitations leads the writer to confine his examination of Guild Socialist ethics to questions in which certain practically universal commonsense ethical canons are applicable. These are two, namely, that rewards should be commensurate with services, and that the taking of honestly acquired property without full compensation is wrong. On the basis of these precepts in what may be called the universal ethical code, exception can be taken to the Guild Socialist position as regards: (1) expropriation, and (2) the Douglas-Orage Credit Scheme.

1. *Expropriation* enters into Guild Socialism, as it does

other programs of radical reform. Direct seizure of "capitalist" property is involved in the program for "encroaching control," while a roundabout means to the same end is embodied in the various proposals for "rough and ready justice," that provide for the payment of something less than the full value of property sequestrated.[51]

Now, the proponents of expropriation can make out a very plausible case. They argue that the property which they would seize is *not* honestly acquired, but represents stealings from labor, in the present generation or in the past.[52] They claim again, that there is ample precedent for uncompensated seizure of property in the public interest: witness the confiscation of church lands in Reformation in England, and—latterly—in Republican France; the emancipation of the slaves in America; the levying of almost confiscatory income, inheritance, and profits taxes in our own time.[53]

The first argument is a deduction from Marxian economics, that is, the surplus-value theorem, and is just as sound—or, rather unsound—as that system. It undoubtedly is true that some forms of privately held wealth and income represent mainly the rewards of force and fraud; in so far as they do, the person responsible for such practices cannot expect to reap his rewards unmolested. Society has no interest in him, other than to make him disgorge. But, let it be repeated, this charge can be made against *all* holders of capital, and all recipients of rent, interest, and profit, only through the acceptance of an impossible set of economic precepts.

Suppose, however, the person who has used his property for exploitation has transferred his rights to another

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[51] *Cf. supra*, Chap. vii, Sec. iii.

[52] The classic expression of this doctrine is, of course, in Marx and Engels, *The Communist Manifesto.*

[53] *Cf.* Spargo, *Applied Socialism* (New York, 1912), Chap. iv.

owner, who is not himself blameworthy. Should this innocent propertyholder suffer for another's wrongdoings? It is, of course, true that acquisition in good faith of stolen property does not protect the buyer, and, where the present beneficiary of ill-gotten gains is only one or two steps removed, by purchase or inheritance, from the person responsible for them, he cannot, perhaps, object if society deprives him of them, in whole or in part.

But what if the objectionable practices occurred in the more or less remote past? Confiscation here seems of doubtful justice. Not only would facts be difficult of determination, but there would be obvious danger of discriminatory action. If the quest for doubtfully acquired property rights were pushed far enough, what claim would remain valid? How much American real estate takes its original title from the cheating or robbing of an Indian tribe? How many eminent New England families possess fortunes founded upon that most damnable of businesses —the African rum and slave trade? How many railroad securities owe part of their value to the corruption of state legislatures, to dishonest surveys, to secret rebates, or to shady stock-manipulations? Is there any justice, or any logic, in voiding property rights resting on one set of long-past wrongs, and not those based on another? Hence, can those possessions tainted with some remote injustice to labor be confiscated, while those based on other wrong acts be unmolested?

So far as abstract right goes, there does not appear to be any clear case for general "expropriation" of the "capitalist." Either it involves an untenable economic dogma, or it would necessitate the choice between the unfair penalizing of certain kinds of owners, and something very close to a raid on property in general.

The argument from historical analogy is also unconvincing. It should be said, at the outset, that mere pre-

cedent is no justification for a policy, otherwise repugnant to the moral sense. To seek approval for a course of conduct merely because it has not been reprehended in the past is to beg the question. Wholesale and uncompensated confiscation has, without doubt, been carried on in the past, but so have heretics been tortured and burned, and witches hanged.

Again, the analogy of confiscatory taxes is a false one. There is compensation for any tax, namely, the services of government and the benefits of public security. Moreover, the only taxes which are confiscatory in any other than a rhetorical sense, are usually aimed at anti-social institutions [54] or practices.[55] The historical argument, therefore, either dodges the issue, or is irrelevant.

The plain fact is that "expropriation" under whatever name, and in whatever form, is usually theft. It may be theft carried on in legal forms, approved of by a majority, and resorted to under strong provocation, but it is none the less theft. The Guild Socialists might very possibly convince a majority of some one or another country that such measures are desirable and expedient; but they could never convince a single straight-thinking man that they were abstractly right.

It should, perhaps, be said that confiscation is not a part of all Guild Socialist proposals. That it has not entered into the Douglas-Orage Scheme has been made clear. It is also not demanded in Mr. R. H. Tawney's program, Mr. Tawney being concerned more with the limitation of the use to which property may be put, rather than the taking away of these rights.[56]

2. *The Douglas-Orage Credit Scheme* has its own ethics, as it has its own economics. Briefly put, it is that men

[54] *Cf.* The Liquor Traffic.
[55] *Cf.* The manufacture of the deadly white phosphorous matches.
[56] Tawney, *The Acquisitive Society* (London, 1920), *passim.*

are entitled to income by virtue of their being merely alive, not in return for any direct contribution to the world's work.[57] That is to say, men would receive approximately equal portions of the "social dividend," irrespective of the kind or amount of work they might do. Otherwise, Messrs. Douglas and Orage maintain, freedom would be impossible.[58]

Now, the writer is not prepared to launch a sweeping attack against this position, for the very good reason that his own mind is not entirely made up. There are obvious attractions in such a doctrine. Any system of rewards for specific performance is inevitably subject to attack. It is hard to determine precisely a man's contribution to society, especially under the very complex circumstances of modern industry. It is even harder to assess the value of any man's services. Market-value is often a poor measure of public esteem, and public esteem itself is all too fallible. Moreover, is there any necessary relation between deeds and desert? May not the mediocre performances of the conscientious plodder really deserve a larger reward than the brilliant exploits of the genius? After all, why not admit the impossibility of adjusting financial compensation to service, and divide the resources of society equally among all?

It can only be objected that the idea of giving rewards proportionate to the value of one's services is as universal as humanity. The principle may be difficult of operation under the present-day conditions; it certainly is often unjustly applied. But is it not preferable to the alternative of the "social dividend"? Are rewards to be indiscriminatingly apportioned to all alike—to the industrious as

[57] In conversation, Mr. Orage has called the "social dividend" a compensation for "the burden of living."

[58] *Cf.* especially Douglas and Orage, *Credit Power and Democracy*, pp. 44, 45. *Cf.* also the "vagabond's wage" proposed in Russell's *Proposed Roads to Freedom.*

to the lazy, to the swift as to the slow, to the genius as to the dullard? A certain minimum might well be given to all, irrespective of usefulness or desert—as, in theory, is the case to-day—but something more than a minimum is involved in this proposal. The whole social income would be spread out evenly over the whole population. Would not the injustice involved in such a régime be infinitely greater than under the traditional system?

Further, while it may conceivably be true that the world's work could be done by an *élite* of skilled, industrious men and women, leaving the vast majority to do as they pleased—even if it should please them to do nothing at all—yet, it may be asked, would such a state of affairs be a right one? What of the corroding effect of idleness, and of complete economic irresponsibility—especially as generation would succeed generation? What are the ethical and spiritual connotations of a social system which would minimize the obligation of work. One is led to believe that the bulk of those composing such a society would become in time not merely physically inept and intellectually torpid, but—what is infinitely worse—morally lazy, and spiritually flaccid. A nation of drudges is undeniably badly off, but is not a race of drones infinitely worse?

In short, can the doctrine of giving the lion's share of the world's goods to those laboring most effectively in the world's work be so lightly thrust aside? The writer is inclined to the belief that Messrs. Douglas and Orage, in recoiling from the anomalies and iniquities that all too frequently accompany its application, have been led into the advocacy of an alternative whose practical value is, from a long-run viewpoint, at least dubious, and whose moral justification is highly questionable. It is certain that the majority of any nation would hesitate a long time before committing itself to such a policy.

IV. The Psychology of Guild Socialism

The discussion of the psychological issues involved in a reform program are beset with difficulties almost as great as those presented by its ethics. They are, however, of a different sort. There is no disagreement as to underlying assumptions. Here, as in its economic and political aspects, practicability, consistency, and scientific acceptability are considered decisive. But when the question of *method* is raised, unanimity ceases. For the field of psychology is itself a field of battle. And in those issues which bear upon social reform, opinion is particularly divided. Until, therefore, the psychologists themselves make at least a beginning towards the settlement of their differences, a definitive psychological *critique* of any social program is out of the question. This discussion will not, accordingly, dogmatize as to the soundness or unsoundness of Guild Socialist psychology. On the contrary, criticism will be undertaken in part, expressly on the ground that psychologists themselves are not agreed upon points which the Guildsmen take for granted. That is to say, the Guild Idea is properly subject to question so long as it rests upon presuppositions regarding human behavior to which the science of human behavior itself does not give authoritative sanction.

There are two features in which Guild Socialist psychology cannot, at least in the present state of scientific knowledge, receive general acceptance. They are: (1) questions of instinct, and (2) questions of capacity.

1. *Questions of instinct* enter into the foundations of the Guild Idea. Taking their lead from William Morris and John Ruskin, Guildsmen have believed that men generally are endowed with certain instincts which are largely defeated by modern industrialism. The most important of these instincts is that of "workmanship," or "construc-

tion," but it is closely associated with those of "possession," or "acquisitiveness," and of "self-assertion."[59] Together they make up what the Guildsman terms "craftsmanship," that is, an inherent capacity and desire on the part of the individual to assert his personality by making useful and beautiful articles, with his own tools, and in his own way. It follows that handicraft methods are preferred by an instinctive organization such as this, though some Guildsmen do not insist on the point.

Now, if such a set of instincts does exist, there can be no doubt that modern industrialism very largely frustrates them. The average laborer seldom has more than a minor part in the construction of any given article; has little interest or control in its beauty or usefulness; has no share in the ownership of his tools; and has no voice in the direction of the operations either of himself or of the enterprise in which he is employed—excepting the negative and limited authority which he exercises through his trade union.[60] In short, his impulses to create, to control and to own are almost completely checkmated by the conditions of his employment.

Further, if this is true, some kind of explosion and readjustment in industry is inevitable. For, it is a commonplace of modern psychology that instincts can be *repressed*, but never *suppressed*. Eventually, they must find fulfillment, and, until they do, they make the individual restless, irritable, and rebellious. Consequently, no matter what concessions in the way of work and hours may be made, laborers will be dissatisfied and revolutionary, until the whole wage-system is overthrown. That is, once the

[59] *Cf.* McDougal, *Social Psychology* (Eighth Edition, London, 1914), Chaps. iii, ix, xiv.

[60] *Cf.* Tead, *Instincts in Industry* (Boston, 1919), Chaps. iv, v, vi; Parker, "Motives in Economic Life," in *American Economic Review*, March, 1918; Veblen, *The Instinct of Workmanship* (New York, 1912); and *supra*, Chap. v, Sec. i-2.

existence of the "constructive," "acquisitive" and "possessive" instincts is admitted, the psychological necessity both of industrial unrest and of the Guild Socialist remedy for it must likewise be conceded.

But there is no certainty that these instincts do exist. A considerable group of psychologists—particularly those adhering to the "behaviourist" school—assert that these alleged instincts are really the results of the "consolidation of instinct with habit."[61] That is, they hold that these forms of behavior are—to be sure—based on instinct, but that they owe much of their characteristic nature to acquired habits. In particular, they claim that the so-called instinct of "construction" is a composite structure of habits, built up by generations of training and imitation upon a foundation instinct of "manipulation." From this point of view, it is the secondary habit forms which are defeated by modern industrialism, and not the primary instincts on which they are based.

If this position is correct, the whole psychological argument for a Guild Socialist revolution is seriously weakened, for there is no evidence that habits cannot be suppressed with relative impunity. They are acquired; they can likewise be cast off. It follows that the "industrial unrest" is not rooted in frustrated instincts, and cannot be healed solely by a revival of "craftsmanship."

There is no intention here to attempt a reconciliation of these opposing views. That task must be left to the psychologists. The Guildsmen may accept the one; their opponents may just as properly accept the other. The critic has only to point out that, unless and until the first view gains general currency, much of the psychological

[61] *Cf.* Watson, *Psychology from the Standpoint of a Behaviourist* (Philadelphia, 1919), pp. 254-261; Hunter, "Modification of Instincts," in *Psychological Review* (Princeton), July, 1920; Kantor, "A Functional Interpretation of Human Instincts," *ibid.*, January, 1920.

basis for Guild Socialism must remain merely a matter of opinion.

2. *Questions of capacity* are not so directly concerned with Guild theory as those of instinct. Nevertheless, they are important. Aside from the recognition of sufficient differences in aptitudes to necessitate gradations in rank, if not in "pay," the Guildsmen seem to take for granted an approximately equal level of intelligence among those engaged in industry. There is, to be sure, no explicit statement of such a view, but it is a necessary assumption in many important points of Guild doctrine. Thus, unless the workers generally had the capacity for foresight, loyalty, and idealism, they could scarcely be expected to enter upon the difficult task of self-emancipation which the Guildsmen set before them. Again—questions of instinct to one side—the Guildsmen's explanation of industrial unrest as expressive of a universal demand for "individual and collective self-expression" would be meaningless, were the workers not supposed to possess a level of intelligence sufficient to make them perceive and resent the implications of their status. That is to say, the laboring population could not be expected to demand and to achieve "emancipation" in the way the Guildsmen expect them to, unless there was generally diffused among them at least an average degree of mental ability.

Now, nothing is more certain than that such is not the case. There is no need here to revive the outworn *cliche* about the "inferiority of the working classes" *as such.* Nothing short of complete repudiation of democracy could permit such a position. What can be maintained, however, is that very large sections of the laboring population—as of all the population—are considerably below normal mentality. The phenomenon of feeble-mindedness is not new, and needs no explication here. Well-informed people are aware that certain individuals never get above

the mental ages of children, or even babies, although their physical development may reach approximate normality. Few people, however, realize as yet the degree with which modern populations are affected by feeble-mindedness. In fact, scientific opinion itself has only recently recognized the fact that the vast majority of the mentally handicapped probably escape detention, or even detection, because, in modern industrial society, they are able to realize a very fair living. Present-day industry offers thousands of simple, routine, constantly supervised tasks which the feeble-minded can fill acceptably, especially when labor is scarce.[62] In fact, a well-administered "school" for the feeble-minded duplicates many of the processes carried on in outside industries, as the best means of keeping its inmates happy and well. Moreover, under stress of economic forces and of labor movements in which they take only the most passive parts, they are able to secure wages at least as adequate as are received by the bulk of persons in their class of work.[63] The proportion of such persons in the total population is still a matter of conjecture, but the experience of the United States Army during the recent war has led one competent authority to estimate that about ten per cent of the adult population has a mental age of ten years or less.[64] At any rate there can be no doubt that a considerable number of those engaged in industry are to-day children inhabiting men's bodies, and doing, more or less well, men's work.

This being the case, Guild Socialism counts upon human resources that do not exist. Just in so far as men to-day are below par intellectually, they are probably incapable of

[62] Federated American Engineering Societies, *Waste in Industry* (New York, 1921), p. 277.

[63] The writer has in mind a girl receiving $26 a week who was found to have a mental age of six years.

[64] Goddard, *Human Efficiency and Levels of Intelligence* (Princeton, 1920), *passim*.

demanding, or requiring any other industrial order save one in which they may do simple, unskilled work under close direction. They are certainly incapable of participating in any movement for self-emancipation, except as they are alternately led, driven, or permitted to run amuck.

More than this, their passivity and irresponsibility would be likely to wreck a revolutionary movement conducted mainly in the industrial rather than the political field. A substandard ten per cent could be dragooned and cajoled into an army, or voting-booth, but could not be relied upon for the powers of reflection, discipline, and fortitude necessary to the success of a protracted general strike. Indeed, one is led to wonder how much of the ineffectiveness of the European general strikes has been due to the presence in industry of such a subnormal minority. The way to industrial democracy will be a very doubtful one until the problem of the feeble-minded is disposed of—and the Guild Socialists are thus far unaware that such a problem even exists.

Whether the incompetent classes would be capable of participating in industrial democracy, once it were achieved, is another question. The problem here is of much the same nature as in the case of political democracy. Some means must be devised for eliminating the mentally inert from a share in government, without falling back upon autocracy. In politics, a beginning has been made,[65] and there is no reason why such methods as may be devised should not be carried over into industrial self-government. As the writer has already indicated, he does not believe the difficulties of democracy, *per se,* to be insuperable, either in politics or industry.

It is, nevertheless, a shortcoming of Guild Socialism that

[65] Through the imposition of literacy tests, and through the custodial treatment of the feeble-minded.

it has not as yet perceived this hazard, and has, accordingly, not provided for it.

It is, however, in the Guildsmen's plans for the transition to their ideal commonwealth that this failure to reckon with the mentally subnormal constitutes a real weakness.

One aspect of Guild Socialist psychology has yet to be discussed. That is the question of motive. The critic might ask the Guildsman, as he might ask any social reformer, "How do you know that men would work under socialism?" "How do you know that they would not malinger and dawdle, without the incentives and penalties that modern competition gives?"

The question is an important one, but it is not, as the writer sees it, one that properly can be discussed in this connection. There is nothing in Guild Socialism to preclude the offering of incentives for efficiency, or the infliction of penalties for sloth, excepting possibly the "social dividend" feature of the Douglas-Orage Scheme, which has already been criticized. The average non-socialist forgets that modern society guarantees, at least in theory, an existence to every one of its members, irrespective of performance or industry—and that it offers very little more than an existence to many of whom it requires arduous and necessary labor. The question is not whether incentives and penalties should be eliminated; it is, rather, whether those obtaining under the present industrial organization are as effective as those which might be substituted for, or added to them. In short, it is not a matter of psychology or—as the anti-socialist is fond of saying—"the immutable laws of human nature"—but of administration. As such, it need not be discussed here.

There are, thus, grave weaknesses, economic, political, ethical, and psychological, in the Guild Idea. It would, perhaps, be more accurate to say there are serious short-

comings in the Guild Idea as it is at present formulated, and in the theories which certain of its protagonists have built around it. Concerning the essential features of Guild Socialism, namely, the aspiration for self-government in industry in partnership with society, little criticism has been made. For, as the succeeding chapter will show, the writer considers this central point of the Guild Idea, with some others, deserving at least of respectful consideration.

CHAPTER IX

ELEMENTS OF STRENGTH IN THE GUILD IDEA

It might seem, from the foregoing chapter, that little remained of the Guild Idea for the writer to find worthy of commendation. But, as the close of the chapter indicates, this is not the case. The heart of the Guild Idea has not been attacked, because the writer considers it essentially sound. It is the formulation and the relatively extraneous elaborations which it has suffered at the hands of its protagonists to which exception has been taken.

As for the Guild Idea itself, it deserves thoughtful attention, not merely as a social theory, but also as an indication of the direction that social reform may eventually take. It is not intended to predict that there is any prospect—immediate or remote—of the establishment of the Guildsmen's Ideal Commonwealth. It is, indeed, entirely probable that no community will ever find itself faced with the necessity of adopting or rejecting the Guild theories. What is likely to happen, however, is the continual embodiment, in proposals for reform and in practical experiments, of some form or other of the Guild Idea, until industrial society is very profoundly modified by it. There are, besides, other subsidiary but important features of the Guild Movement that merit favorable comment.

This chapter will, therefore, concern itself chiefly with (1) the central principles and (2) certain subsidiary features of the Guild Idea. It will conclude with (3) a proposed modification of the Guild Idea offered by the writer.

I. The Central Principles of the Guild Idea

The Guild Idea may be summed up in two phrases: (1) democratic industrial self-government and (2) the functional principle.

1. *Democratic Industrial Self-Government,* or—as the Guildsmen usually put it—self-government in industry is the fundamental element in the Guild Movement. However Guild theorists may have differed in other respects, and however far afield they may have been led by economic fallacies and personal idiosyncrasies, they have uniformly demanded "the establishment by the workers of direct control over industry." There are two grounds upon which this theory of industrial democracy recommends itself: first, the preferability of industrial self-government to other forms of control, and, second, the preferability of industrial democracy to other forms of industrial self-government.

The preferability of industrial self-government to other forms of control is a proposition which should really require little argument. In fact, much of the *raison d'être* of "orthodox" economics is the desirability of entrusting the management of industry to those directly engaged in it, rather than to some outside agency, such as the State.

It is not, however, generally perceived that this ideal of *laissez-faire* economics is very considerably defeated by modern industrial organization. The typical business enterprise to-day is the large corporation, particularly in those undertakings employing large groups of laborers with which this discussion is especially concerned. And the normal large-scale industrial corporation is, assuredly, *not* controlled by those directly engaged in it. It is, of course, in theory governed by a portion of those so engaged, namely, its stockholders, but such authority as they exercise scarcely meets the requirements just laid down.

In the first place, it may be strongly doubted whether the function of stockholding involves any active participation in a business at all, especially in a large concern. The stockholder's interest is almost purely fiscal; he seeks a certain investment yield, or speculative opportunity, and is only remotely concerned in the actual management of "the property."[1] Where ownership is distributed among a large number of stockholders, who are scattered over the entire country, any personal acquaintance with its affairs is practically impossible. In many cases, indeed, the investor's knowledge of the business in which he is "engaged" is limited to acquaintance with its name, and with certain information acquired "on the street," or from his broker, to the effect that it is a "good buy."[2]

In the second place, even the tenuous degree of participation represented by stock-ownership very often does not carry any effective control with it. The practices of proportioning voting power to stockholdings, and of casting ballots through proxies tend to throw authority into the hands of "inside" cliques of large stockholders. Again, the imperative necessity of favorable "financial connections," and the wide discretion given boards of directors, operate to take final authority away from the corporation, and to place it in the hands of some one or another banking group.[3]

Finally, the movement towards industrial consolidations tends to create a corporation showing little organic relationship, either in structure or purpose, with the economic units owned by them.

In sum, the typical large-scale industry is controlled, at

[1] A perusal of the average corporation's annual report will reveal how much the purely financial aspect is stressed.

[2] Wera, *Human Engineering*, p. 15.

[3] *Cf.* Lough, *Corporation Finance* (New York, 1909), Chaps. xxv-xxvii; Ripley, *Corporate Promotions and Reorganizations, passim;* Tawney, *The Sickness of an Acquisitive Society, passim.*

the most, by a number of individuals only indirectly and occasionally engaged in its operation; at the least, by a small group, remotely connected, and yet more remotely concerned with its actual management.

To all this, it may be replied that such a form of organization, while not fulfilling the ideal of industrial self-government, nevertheless results in a fair measure of efficiency, and should not be altered. In answer, it may be said first that it may result also in utter inefficiency and collapse—as in the case of certain railroads. Secondly, it often happens that the tendency towards transfer of control just described reacts on itself, and in reality achieves success by abdicating industrial authority. That is, it selects a "management," and entrusts practically the entire operation of the enterprise to it, excepting those functions relating to the raising of capital and the distribution of profits.[4] Thus, it sets up a kind of left-handed industrial self-government, and achieves more or less efficiency, depending upon the capacity of "the management" in any given case. Yet, such a situation is highly unsatisfactory, because of its instability. The moment the group in power finds it desirable to abandon a policy of sound administration in the interests of quick profits, to the corporation or to itself, it can do so, either by changing the management personnel, or, more commonly—as in the case again of certain railroads—by adopting a fiscal policy that ruins the credit of the enterprise, and makes effective operation impossible. While inadequate as a permanent policy, however, this practice of temporarily abdicating control to the executives gives point to the position maintained in the foregoing discussion, to the effect that industrial self-government is preferable to other forms of administration, and is not the prevailing type of control to-day. It also furnishes the clue

[4] Wera, *Human Engineering*, p. 41.

to a possible modification of the Guild idea, as will be brought out at the end of this chapter.

The preferability of industrial democracy to other forms of self-government is, perhaps, not so easily established. It may be generally conceded that a return to the self-directed industrial unit is desirable, but not that power should be lodged in the working force generally. It may, on the contrary, be asserted that the ideal is not "workers' control," such as the Guildsmen demand, but "management" control; that is, industrial autocracy rather than industrial democracy.

As stated in the preceding chapter, in so far as such a position reflects a distrust of *all* democracy, it will not be argued in this work. The anti-democratic attitude is a reasonable one, and seems to be gaining headway in certain quarters. Nevertheless, the writer believes that it will never gain sufficient following, in America or western Europe, to merit discussion in matters of practical policy. Consequently, the thesis that the evils of democracy should be confined to politics, and not allowed to invade industry, will not be considered here. On the contrary, the discussion will proceed on the assumption that the western world is definitely committed to democracy, beginning in politics and spreading to other interests, industry included; and that this general tendency is not—from the standpoint of practical policy—properly subject to question.

Again, in so far as particular types of democratic machinery are open to criticism—favorable or otherwise—they will not be taken up here. It may be that certain Guild Socialist proposals for direct representation, the recall, "regionalism," and the like, are worthy of special praise, or of special condemnation. They are, however, essential neither to democracy nor to the Guild idea.[5] They

[5] *Cf.* Bryce, *Modern Democracies* (New York, 1920), Part I,

pertain to the technique of democracy, and not to the substance of it. Their weak and strong points apply to political as well as to industrial government, and are properly discussed in a separate treatise on political science. Such special aspects of political theory as affect the whole structure of the Guild Commonwealth are, on the other hand, subject to criticism, and have received it in the preceding chapter.

Nevertheless, the prospect of extending democracy from politics to industry does raise two special questions—whether industry is capable of democratic control, and whether the time is ripe for attempting it.

Whether industry is capable of democratic control is, in the last analysis, a question of fact, and of interpretation of facts. The facts are not conclusive either way, but a strong *prima facie* case can be made out on the affirmative side. First of all, certain types of industry are clearly subject to democratic control. These are retail consumption and agricultural marketing. The remarkable success of consumers' coöperation, especially in Europe, has irrefutably established the ability of ordinary men and women, drawn from the so-called "lower classes," not only to organize and conduct extensive business enterprises, but also to offer very strenuous competition to "private enterprise." The history of coöperative consumption has elucidated many hitherto doubtful questions, but none more clearly than that the common man can, and does, make industrial democracy operate at least as successfully as other types of organizations in that field.[6]

Agricultural coöperation has not made as spectacular progress as coöperative consumption, but it has been sufficiently successful to prove the efficacy of democracy in the

[6] *Cf. inter alia*, Sonnenschein, *Consumers' Coöperation* (New York, 1919); Fay, *Co-operation at Home and Abroad* (London, 1920; Revised Edition); Webb, *Consumers' Co-operation* (London, 1921).

very difficult field of wholesale marketing—as in the case of the California Fruit Growers' Association. More than this, it has indicated the practicability of carrying such a régime into at least certain types of production as have the Danish and Irish dairy coöperatives.[7]

But what of industrial production as such? It is one thing for a group of consumers or of farmer-*entrepreneurs* to combine democratically for buying and selling. It is quite another thing for workmen to unite on the basis of their common employment for production. Is democracy applicable here? The record of the Building Guilds suggests, but does not finally establish, an affirmative answer. Here is a case where workers are democratically organized for a productive function, and where they have achieved a very fair measure of technical and financial success. If it be claimed that the English Building Guilds subsisted largely at the outset on government subsidies, it may properly be retorted that "private enterprise" in building received the same aid, and that, until such aid was forthcoming, the building—private or otherwise—of dwelling houses was practically dead. Further, such aid has now been withdrawn, and a severe industrial depression has supervened. The Building Guilds continue, nevertheless, apparently to flourish and to extend their activities.[7a] Hence, though their brief history precludes the drawing of conclusions, as final, as in the case of consumers' and farmers' coöperatives, the fact that they appear to be prospering in the face of a general industrial collapse, and without government subsidy, gives considerable significance to their experience. At the very least, democratic coöperation among workers "by hand and brain" for the purposes of

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[7] *Cf.* Smith-Gordon and Staples, *Rural Reconstruction in Ireland* (London, 1917); Faber, *Co-operation in Danish Agriculture* (London, 1918).

[7a] See Addendum.

productive enterprise is now proven definitely to be attainable. In its present form—as the writer has already shown—it can probably not be widely extended.[8] It may not be applicable in any form to all types of industry. But the Building Guilds have shown that there is nothing inherent in industrial production which renders it insusceptible to democratic organization. The more firmly established forms of coöperation prove clearly that democracy is feasible for industry in general; the Building Guilds suggest, but do not yet prove, that it is attainable for some, if not for all, forms of production.

The experience of English coöperative productive societies is of doubtful value on either side of the question. Though they have not made notable progress in the past,[9] they are showing to-day, however, moderate success.[10] Further, they have been beset with certain difficulties which have been all but overwhelming, but which are not at all inseparable from their type of organization. Chief among them are the inexperience of the English working classes in coöperative business enterprise; lack of funds; difficulties of finding markets. The first of these is now largely overcome by the training British workers have received in directing their consumers' coöperatives, friendly societies, trade unions, and the like. The second and third can, the writer believes, be overcome by the adoption of the proposed modification of the Guild Idea which is appended at the end of the chapter.

Whether the time is ripe for attempting democratic control in industry cannot be dogmatically asserted or denied. It would seem, however, that the drift in modern industrial movements is in that direction. Chief among the circum-

[8] *Cf. supra*, Chap. viii, Sec. i-3.
[9] *Cf. supra*, Chap. ii, Sec. i-2.
[10] *Cf.* Fay, *Co-operation at Home and Abroad* (Second Edition, London, 1920), Part III.

stances which indicate a trend in that direction are: the increasing discretion being given industrial executives, the trade-union movement, and the shop-committee movement.

Reference has already been made to the tendency on the part of certain corporations to give wide discretion to "the management." In addition to this, recent developments in industrial management tend even further in the direction of placing authority in the hands of "the man on the job." Such devices as "functional foremanship" and "executive conferences" point to a breaking down of the older "military" autocratic type of organization, and its substitution by a régime which is, in substance, if not in name, much more democratic.[11] In so far as industrial democracy calls for active participation in control by the executive personnel of any enterprise, current tendencies in corporate organization, together with modern "scientific" management, seem to have begun accomplishing the same object.

The trade-union movement is, in one sense, nothing but an organized and largely successful demand by the manual workers for a share in the control of industry. Although the "conservative" labor leader insists that the union is concerned only in collective bargaining, yet as soon as the points bargained for leave questions of wages, the trade-union ceases to become merely a bargaining agency. Instead, it becomes an instrumentality for making vocal and effective the worker's desire to control some one or another feature of industry.[12] That is to say, the trade-union may continue to operate through the outward form of bargaining, but the substance of its activities is the attempt—more or less successful—to exercise authority over industry.

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[11] *Cf.* Thompson, *Theory and Practice of Scientific Management* (Boston, 1917), pp. 47, 48; Douglas, *Economic Democracy*, Chap. ii; Wera, *Human Engineering*, Chap. xvi.

[12] Budish and Soule, *The New Unionism* (New York, 1920), pp. 44, 45, 127; Wera, *Human Engineering*, Chaps. xii-xiv; Tannenbaum, *The Labor Movement* (New York, 1921), *passim*.

When one stops to consider that such questions as hours of labor, rate of production, seniority, method of payment, shop discipline and hiring of union labor are common subjects of negotiation between trade union and employer; and that selection of foremen, sanitation, extent and method of using machinery, and even—as in the case of munitions destined for use against Bolshevik Russia—the use to be made of the product have all been the occasion of industrial disputes in recent years, one is persuaded that the trade unions have, perhaps, despite themselves, set out to wield authority over the management of industry.[18] That their power has often been unwisely made use of is beside the point here; the important consideration is that they have had the power and have used it. The time may not yet be here when trade unions will consciously subordinate questions of bargaining to questions of administration. Much less is it likely that they will, without outside stimulus, abandon the negative and occasional form of control that they now seek for a positive, constructive, and consistent policy. The essential fact is that their activities show a pronounced tendency to proceed from mere wage bargaining to the securing of a measure of authority in industry.

That this power gained by the trade unions is democratically exercised is clearly evident. First, the trade-union movement rests on a democratic basis, for it undertakes to represent all the employees in any industry, and has—especially in England—fairly achieved its aims so far as the manual working groups are concerned. Whether, in its present form, it will make much headway among clerical, managerial, and professional workers is conjectural. Yet, that these classes will presently effect some analogous type of organization for themselves is

[18] *Cf.* Wera, *op. cit.*, pp. 51, 152. Olds, *The High Cost of Strikes* (New York, 1921), Chap. ix.

highly probable—they seem already to have done so in central Europe. Again, the trade-union movement employs democratic machinery, even to the point of suffering from the weaknesses and abuses of contemporary democracies. Hence, the trade union bid for a part in the government of industry is, *pari passu,* a bid for explicitly democratic government.

The shop-committee movement is the third recent development which points towards "workers' control" in industry. As shown in a previous chapter,[14] employee representation in the management of industry has received in England a quasi-official status, through the Whitley Report, and the industrial councils organized in conformity with its recommendations. The Shop Stewards' Movement is a more radical phase of the same tendency. In America, the movement has not received so much attention, but has, nevertheless, made notable progress. Shop-committees have been instituted in a number of enterprises—some of them among the leaders in their respective industries.[15] That there is, besides, a widespread interest in the subject is testified to by the very considerable literature upon it which has appeared in the past few years.[16] In certain cases, the various projects for granting employees a share in management may have been conceived as alternatives to trade unions, and even as inimical to them. Nevertheless, irrespective of the intentions of employers or the apprehensions of labor leaders, the advent of shop committees in industrial organization reveal the recognition by business executives—many of them decidedly conservative—of the tendency

[14] *Cf. supra,* Chap. iv, Sec. iii-1.

[15] Thus, the Colorado Fuel and Iron Company, the International Harvester Company, and the Standard Oil Company.

[16] *Cf. inter alia,* Tead and Metcalf, *Personnel Administration* (New York, 1920), Chaps. xxviii-xxxv; Howard, "The Development of Government in Industry in Illinois," *Illinois Law Review,* March, 1916; Bloomfield, *Modern Industrial Movements* (New York, 1919), pp. 169-243.

towards democratic control in industry, and are themselves an instalment of it. These three apparently unrelated movements thus are seen to reveal a common trend toward industrial democracy. The history of industrial coöperation and of the Building Guilds gives evidence of its feasibility; the reorganization of business management, the activities of trade-unions, and the shop-committee movement indicate its suitability to contemporary conditions.

No doubt, it may be interposed here, that it takes more than one swallow to make a summer, and that it takes more than one Building Guild, or shop-committee, or "radical" trade-union to make a Guild Commonwealth. True, it also takes more than one battle to make a war, and more than one influenza case to make an epidemic. Moreover, the battle does not indicate the duration and outcome of the war, nor the influenza case the extent and intensity of the epidemic. Yet, they show that a war and an epidemic are possible, and, in the absence of countervailing tendencies, highly probable. So it is with the evidence just adduced concerning the probable spread of democratic industrial administration. It indicates nothing definitive regarding the extent or the precise form that "workers' control" may assume. In fact, the writer has indicated his skepticism as to its taking a course at all like that predicted by many Guildsmen. It does, however, demonstrate the practicability of such a movement, and the likelihood of its assuming large proportions in the near future, unless some, hitherto unperceived, contrary forces manifest themselves.

The Guild Idea is more, however, than a movement towards industrial democracy. It includes the principle of responsibility, or of function.

2. *The functional principle* requires that industrial democracy should be responsible to the community. According to this theory, rights have no absolute validity, but are granted to an individual by the community in order that

he may render it certain useful services, and are therefore properly terminated when he ceases to do so. That is, rights are correlative to function. As has been seen, it is held by certain Guildsmen, that it is the divorce of property rights from any clear concept of function which has led to many of the ills of modern industrialism.[17] There are many ramifications of the functional principle in the Guild theories. As just indicated, it underlies much of the Guildsmen's criticism of existing economic institutions. It also appears in their provisions for keeping the Guilds responsive to the interests of the community. The proposals are various, including Mr. Cole's "Guild Commune," Mr. Hobson's idea of "civic sovereignty," and the Douglas-Orage Scheme for "communal credit control." In all of these—especially the Credit Scheme—there is a manifest intention to prevent Guilds from operating merely for their own interests, but, instead, to keep them answerable to the community. This refusal of the Guildsmen to grant the workers' organizations complete independence of action differentiates them sharply from the Syndicalists.[18] In the preceding chapter, these various devices for bringing the functional principle to bear upon the Guilds have been criticized at some length. The principle itself has not, however, been attacked, because the writer believes it the only one tenable in this connection.

There is, in fact, no fundamental difference of opinion among social theorists on this point. All agree that institutions and rights are acquiesced in by the community because of their usefulness. Again, existing practices and privileges—for example, unrestricted competition and private property—are generally defended and attacked on the grounds of their social utility. Even the most extreme

[17] *Cf. supra*, Chap. v, Sec. i-3.

[18] *Cf.* Russell, *Proposed Roads to Freedom* (New York, 1919), p. 82.

advocates of non-interference with "private enterprise" generally justify their position by reference to the contribution to the common welfare claimed for the course they advocate.[19] That is to say, the functional principle is more or less consciously adopted by theorists of various schools as the point of departure for their discussion of social institutions.

Wherein, then, is the Guildsmen's advocacy of this principle to be differentiated from the position of other theorists, and especially commended? The Guildsmen are distinctive only in the emphasis they place upon the idea of function, but this difference is of far-reaching importance. The Guild position is that the social significance of a right or an institution should not merely be passively assumed, either by society or the individual, but that it should be actively insisted upon by society, and constantly held in mind by the individual. Thus, whereas at present, a property right is ordinarily regarded by its holder as absolute and unconditional, and is called into question by the community only under exceptional circumstances—such as the exercise of powers of eminent domain, regulation of nuisances, and protection of public safety and morals,—in a society organized on Guild principles, the property owner would, by legal enactment and by public opinion, be constantly reminded that his rights were granted him only as a means to enable his rendering useful services to the commonwealth, and were liable to curtailment in case his use of them should become anti-social. Hence, as already shown, in the case of industry, the Guildsmen would give nobody, whether individual, *entrepreneur*, or democratic Guild, an unconditional license to conduct an enterprise; instead, they would impose whatever reservations and restrictions they might consider necessary to insure its being operated in the public interest.

[19] *Cf.* Adam Smith, *The Wealth of Nations*, Book IV, Chap. ii.

Now the writer is convinced that such an attitude is infinitely superior to the *laissez-faire* theory, which would rely almost entirely upon the "invisible hand" of a Providence, as mechanistic and shadowy as the economic laws attributed to it, for the protection of the common welfare. The plain fact seems to be that even the most infallible of economic laws express *tendencies* rather than realities, and that individuals may, and time and again do, follow their more or less "enlightened" self-interest with consequences distastrous to the public good.

There is space for only one out of a hundred possible examples. One of the greatest exponents of economic liberalism asserts that the *laissez-faire* principle, if consistently carried out, must permit a "wide open" traffic in drugs, liquor, and probably prostitution,[20] and yet all these are conducive to intolerable vices.

There is no intention to urge here the supersession of economic laws by legislative statute. There is, however, an urgent need to make it impossible for an individual, by taking advantage of those laws' limited application and halting operation, to profit by disregarding or by undermining the common good, and to go scatheless. Neither is there any reason for suppressing the motives generally believed to guide economic activity. As stated in the preceding chapter, it may, however, be found highly desirable to provide new stimuli for those motives, in order that their anti-social aspects may be repressed, and their beneficial manifestations encouraged. That is to say, unless society is going to permit something very close to anarchy in its economic activities, it must see to it that the functional principle is recognized by those actually engaged in industry as well as by social theorists, and that it is enforced by legislation and opinion, as well as by intangible, if "immutable" "natural laws."

[20] Mill, *Essay on Liberty, passim.*

As a matter of fact, no other attitude ever has guided social policy, except in the pages of doctrinaire authors. No society has ever completely abandoned control over industry.[21] Certainly, no social reformers within the past hundred years have neglected to insist on the obligation of the individual to the community in industry. Indeed, many have gone to the extreme of virtually denying the validity of any but the social interest in economic relations.[22] It is the especial virtue of the Guildsmen that they have made use of the functional principle so as to avoid advocating the abolition of private rights in industry, while insisting on their being held under the sanction of the community, and exercised in its interest.

Let it be repeated, the Guildsmen's proposals for the operation of this principle leave much to be desired, but they are, notwithstanding, to be commended for the way in which they have formulated it, and for the vigor with which they have advocated it.

The writer, then, believes the principle of democratic industrial self-government embodied in the Guild Idea to be in accord with the needs of society, as well as with the capacities and the tendencies of those engaged in industry. He believes, further, that the correlative functional principle of responsibility to the community must, of necessity, be applied in industry, whether organized democratically or otherwise.

II. Subsidiary Features of the Guild Idea

The preceding chapter has been taken up with a discussion of certain elaborations and interpretations that the Guild Idea has received at the hands of its protagonists. Most of these were found to be of doubtful value, and were

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[21] *Cf.* Clay, *Economics for the General Reader* (American Edition), Chap. xxi.

[22] *Cf. supra*, Chap. ii, Sec. iii.

criticized accordingly. Nevertheless, certain other correlated features characteristic of the Guild propaganda are considered by the writer as deserving of favorable comment. They are, however, of relatively minor significance; for, just as the central thesis of the Guild Movement has been considered to be tenable, despite the weaknesses of certain auxiliary points, so also these other and sounder theories do not tend to strengthen it, but rather only to suggest the way in which it may be best formulated and put into practice. That is, as the Guild Movement expands and matures, it may—if the foregoing criticism is correct—be expected to slough off those subsidiary doctrines that are irrelevant and embarrassing, and utilize those which appear to be of permanent value.

There are four of these auxiliary theories which seem, in whole or in part, of especial merit. They are (1) willigness to collaborate with existing institutions, (2) propaganda by experimentation; (3) the Douglas-Orage Scheme, and (4) "industrial maintenance." As all have been already described elsewhere, they need not be discussed at length in this connection.

1. *Willingness to collaborate with existing institutions* is not a characteristic common among reform movements. On the contrary, they often show a predilection for doctrinal rigidity and mutual exclusiveness, not to say recrimination, that all but stultifies them. The Guildsmen, however, reveal no such tendency. Partly because of its diverse origin, and partly because of its birth on English soil, where the ability to compromise amounts to a national genius, the Guild Movement has shown remarkable flexibility. Far from urging their theories as a wholly unique body of doctrine, its protagonists have gloried in its agreement with other economic and social tendencies, and have endeavored constantly to work with them and through them. Thus, collaboration with the trade-union movement

has been a cardinal feature of Guild propaganda from its inception. Again, certain professional and semi-professional bodies, such as teachers and postal workers have been assiduously cultivated in order that their group feeling might be utilized. Further, the consumers' coöperative movement has been integrated into the Guild Program, although many Guildsmen have not been personally enamored of its ideals. Finally, the Douglas-Orage Scheme embodies the deliberate intention of abandoning any sharp dislocation of existing economic agencies, but rather of adapting them to the purposes of the Guild Idea.

Now, all of this is admirable. At least one principle may be deduced from history, namely, that great changes, whether economic or political, do not involve a complete scrapping of old institutions, and the *ex nihilo* creation of new ones. There may be occasional sharp breaks in one respect or another. In general, however, the old is gradually—often very gradually—modified into the new. Again, changes usually operate through manifold channels, being really significant only after several departments of activity have been transformed. For example, the industrial revolution whose effects the Guildsmen would in many respects try to undo, was far more truly a revolution than many of the spectacular political and social upheavals similarly termed. Yet, it proceeded peaceably and unevenly, not so much destroying as taking over and making over the older economic structure. And the Guildsmen, in seeking to bring in their ideal commonwealth by altering various features of the present régime, have fixed upon a principle of great value. If this policy is continued, despite the activities of the "left wing" of the National Guilds League, the Guild Movement will probably play a part in social development far more widespread and permanent than other more "orthodox" and "revolutionary" schools of radicalism. It is in the hope that this

spirit will prevail among Guildsmen that the modification of their theories proposed by the writer is offered.

2. *Propaganda by experimentation* is another expression of this same attitude. The Guildsmen are differentiated from most radical groups, not only by their readiness to work through existing institutions, but also by their willingness to attempt the establishment of their ideal commonwealth "in a capitalist environment." The whole Building Guild experiment is a venture of faith in this direction, and it is a notable one. It enables the reformer to kill not two, but three birds with one stone. First, he can approach the public with the most effective piece of propaganda possible, namely, an object lesson. Again, he can test his own theories out in the light of practical experience, and can change them accordingly—as the Guild theories regarding capital and interest seem to be undergoing modification through the Building Guilds' efforts at raising funds. Third—and most important—the work of establishing his ideal commonwealth does not have to wait upon the overturn of the whole social structure. The tendency described in the preceding section enables the Guildsmen to make over rather than smash "capitalist" institutions. This method permits the building up of new ones by their side—all with no sudden break between old and new. To use a Celticism, they can begin revolutionizing industry without starting a revolution.

This aspect of the Guild Movement bids fair to become its most prominent feature. The theories of various individual Guildsmen have made a great stir among the academically minded, but the Building Guilds have probably made a broader impact upon the public at large than any other activity of the Guildsmen. It has kept the Movement in touch with reality, and has already begun to act as a corrective upon some of its overabstract theoretical tendencies. And it has made a real, if modest, beginning

at the democratization of industry. The Building Guilds have taken the Guild Movement out of the barren but not uncongenial heights of mere theorizing, down to the fruitful plains of practical endeavor, and will probably keep it there, irrespective of the changes and chances of "the revolutionary movement." If there is anything vital in the Guild Idea—and the writer thinks there is—the Guildsmen's willingness to propagate their theory by trying it out will give it an opportunity gradually to develop an efficient type of organization that can steadily win its way by the force of its own intrinsic merit. As the closing section of this chapter will show, the writer believes that it is by such a policy of experimentation and permeation that Guild principles will ultimately modify industry. Other forms of propaganda may help; legislation could be of assistance through "enabling acts," that is, laws legalizing and protecting Guild institutions. Yet, in the long run, responsible and democratic industrial self-government will have to follow the same road as the medieval gilds, or the modern factory, corporation and trade-union—that is, displace older forms of organization by its sheer superiority. If it cannot make a place for itself, it certainly cannot keep it, and hence does not deserve support.

The Building Guilds may, or may not, last; if they do not, the Guild Movement will suffer grievously. For, it is chiefly only through them, or organizations conceived and carried on similarly to them, that the Guild Idea can achieve lasting significance.

3. *The Douglas-Orage Scheme* has been approvingly mentioned earlier in this chapter, for it furnishes a striking instance of the Guildsmen's desire to make use of established economic institutions. This feature is not, however, the most characteristic aspect of the project. The distinctive note about the Credit Scheme, as indicated by its

title, is its proposal to socialize the credit-issuing agencies of the community.

The preceding chapter has made it abundantly clear that the writer is unable to assent either to the economic theory or to the practical program of Messrs. Douglas and Orage. Notwithstanding, he agrees heartily with their general position—namely, that communal credit control should be established.

In the first place, such a measure is necessary before any real change in the control of industry can be effected. In the second place it is prerequisite to the enforcement of the functional principle.

The validity of both of these propositions rests upon the demonstration already made of the influence which financial power wields over industry, and of the tendency of such power to become concentrated and irresponsible.

This being the case, the first point becomes obvious. So long as the investing and lending agencies of a country are left uncontrolled, neither "militant" trade-union action nor government regulation can have any lasting effect upon industry. The trade-unions and the State may, separately or jointly, *destroy* industry, but, so long as "finance" remains out of their power, neither can really *control* it. The last word will always rest with the financier, and he may be expected to prolong the *status quo* indefinitely, because, in his protean capacity of stockholder, bondholder, banker, receiver, speculator, and underwriter, he can always make it yield him handsome returns.

Even if, however, some cataclysmic social upheaval should effect a real change in economic institutions without hopelessly wrecking industry, the functional principle could not be enforced until the community's financial machinery were made responsible to it. On the contrary, it is probable that no system could be devised which would

permit such complete evasion and disregard of responsibility to the community as does the present financial mechanism. The beneficent operations of "free competition" cannot even be claimed for it, because it very often is consciously directed towards the suppression of competition.

If the functional principle is valid, some means must be devised for bringing the financial agencies of the community under social control.

The plan for accomplishing this which Messrs. Douglas and Orage propose is probably not practicable. They have, nevertheless, made an immensely valuable contribution to social theory by pointing out the necessity for doing it. Through their efforts, the attention of those interested in social reform has, for the first time, been focused upon this tremendously important problem. Their warning as to the futility of reform, or even of "revolution," without any alteration in financial control, has long needed to be uttered. As a result of it, the center of gravity of the Guild Idea, and of radical thought generally, has been perceptibly shifted, and has been shifted in a direction that will enable its coming at hands-grips with the realities of economic reconstruction.

One further observation should be made in connection with the Credit Scheme. That is its price-fixing features. There is no doubt but that some social control over the circulating medium, with a view to the stabilization of price-levels, is highly desirable. The writer is inclined to think that greater hope lies in direct adjustment of the volume of currency to the volume of production than in the method proposed by the authors of the Scheme.[23] For various reasons already given, he believes the price-fixing mechanism of the Credit Scheme to be unworkable. Nevertheless, he appreciates that there are objections to the other

[23] *Cf.* the works of Prof. Irving Fisher on this score, especially *The Purchasing Power of Money* (New York, 1911).

proposal, and that the Douglas-Orage proposal, or a modification of it, may possibly prove to be the most desirable means for accomplishing the regularization of the price-level.

In any case, the whole subject is, in reality, simply a phase of the functional principle. That is, it is one of the most important ways in which the nation's economic machinery should be made to conform to its needs. Hence, the writer considers the functional principle, and the necessity for credit control contingent upon it, to be the points of greatest importance in this connection. Once a community's industrial and financial machinery were brought under social control, it would be time enough to take up the method of price stabilization.

If credit control is of such profound import, however, the Scheme embodying its principles cannot be lightly rejected, unless something better is offered. It is, in the endeavor to suggest an alternative which may accomplish the principle objectives of the Douglas-Orage proposal, that a modification of the Guild Idea is offered below.

4. *"Industrial maintenance"* is a feature of Guild policy that has been greatly stressed in recent months.[24] It provides for the continuance of "pay," whether the worker is "in work" or not. That is, the Guildsman holds that industry, not the individual, should take responsibility for industrial depression, sickness, accident or old age. The Guildsmen are not alone in this contention, since it is a part of the argument put forward by the advocates of social insurance, workmen's compensation, and similar proposals. It has, nevertheless, received a definite and distinctive formulation at their hands.

The writer believes the principles involved in the Guildsmen's demand for "industrial maintenance" to be of such obvious merit as scarcely to require demonstration. The

[24] *Cf. The Guild Socialist*, February, 1922.

worker to-day is subject to vicissitudes over which he has virtually no control whatever. They are, furthermore, in no sense the unescapable visitations of an inscrutable Providence. Instead, they are the normal accompaniments of modern industrialism. Hence, to leave to the worker's individual "thrift" or "fortitude" the sole provision for a mine explosion, lead-worker's paralysis, or a world-wide business depression is as futile as it is unjust. These risks are as integral an element of the cost of production as fire or depreciation, and must be assumed by industry. This demand involves obvious problems, particularly in the case of unemployment and old-age. Moreover, here, as elsewhere, the Guildsmen have shown a regrettable lack of interest in the difficulties both of economic theory and of administrative method presented by their ideal. Nevertheless, the principle itself is sound, and it is to be counted for righteousness to the Guild writers that they have adopted it.

III. A Proposed Modification of the Guild Idea

The writer does not claim any particular originality for the program that follows. In certain respects, it is simply a variant upon the Douglas-Orage Scheme; in others, it follows the lead taken by the Building Guilds in their quest for financial support. Mr. and Mrs. Webb have also hinted at it.[25] Neither does the writer consider his proposal to be of any very great consequence, in comparison with the Guild Idea itself, and with the auxiliary features that have been described in the preceding section. The writer does believe, however, that the plan here offered may at least suggest a way of meeting certain difficulties in Guild theory as yet unsolved.

[25] Webb, *Consumers' Co-operative Movement* (London, 1921), *Preface.*

The discussion that follows will accordingly take up (1) the chief obstacles to the spread of Guild principles, (2) the modification proposed for meeting these obstacles, and (3) the way in which the proposed modification might meet these obstacles. Special reference will be made to English conditions, because of the fact that they seem peculiarly suitable for the development recommended by the writer. The same principles are, however, of general application.

1. *The chief obstacles to the spread of Guild principles* have been stated at some length previously, and need only to be recapitulated here. They fall into three categories: the immediate requirements of the Building Guilds; the policy of transition, and the structure of the Guildsmen's ideal commonwealth, particularly as regards the provision of capital and the enforcement of the functional principle.

The immediate requirements of the Building Guilds have been indicated. First they need financial support, and they need it badly. Further, the curtailment of government subsidies to the local housing projects has cut off their principal market. Moreover, if the policy of experimentation is to be extended, as the Guildsmen intend it should, similar difficulties are bound to be encountered by other embryo Guilds.

The seriousness of this problem becomes apparent when the importance of the Building Guilds and analogous organizations is taken into consideration. From the writer's viewpoint, at least, they are one of the most significant features of the Guild Movement, for they are the agencies by which it can propagate its principles, test out its theories, and gradually permeate the community's industrial organizations. If these Guilds are to fail for lack of funds and of a market, the Guild Idea will receive a very serious setback. And thus far, the Guildsmen have worked out no consistent plan for meeting this obstacle, being hampered,

in the case of capital, by their theoretical objection to "usury," and their Marxian misconstruction of the nature of "capitalism." What devices they have adopted have been avowedly stop-gap makeshifts.

The policy of transition presents the Guildsmen with a very clear dilemma. Must a sharp break with the present order be risked, in order to secure the general establishment of the Guild Idea? The questions of "encroaching control," "expropriation," "catastrophic action," violent revolution,—are all included in this general one, as is also the special problem of securing control of credit and of industry without smashing the one and ruining the other. In some respects, the Guildsmen have done little more than perceive their difficulties; in others, they have offered various remedies which analysis shows to be unsatisfactory, and which, indeed, one or another group of Guildsmen severely criticizes. A generally acceptable program for transition that would be effective without also being destructive is therefore yet to seek.

The structure of the Guildsmen's ideal commonwealth raises a variety of problems. Many of these the writer considers to be merely gratuitous, since they are bound up with certain theories non-essential to the main thesis of the Guild Movement. Two at least are, however, of first importance: what provisions are to be made for financiering the future Guilds, and how is the functional principle to be made effective? The previous chapters have shown these matters to be clearly interrelated. On the one hand, both the "Guild Commune" and the Douglas-Orage proposals recognize the importance of giving large financial powers to society at large. On the other hand, Messrs. Douglas and Orage have demonstrated that financial power is the key to effective control over industry, and hence to the realization of the functional principle.

There has been, it is true, a number of proposals for the solution of these difficulties—indeed, a veritable embarrassment of riches. Yet they are mutually exclusive, and prove on examination to be faulty in one respect or another. It now remains to outline the plan which the writer ventures to hope may furnish a clue to their resolution.

2. *The modification proposed for meeting these obstacles* is derived from certain principles of the Credit Scheme, and from certain money-raising devices of the Building Guilds.

It can be stated very briefly. Let the Building Guilds—and such analogous organizations as may be evolved—effect an alliance with the Consumers' Coöperatives for the purpose, *first,* of securing funds, and, *second,* of finding an outlet for their products and services. Let the Guild Movement, next, adopt the policy of propaganda by experimentation as its chief means for spreading the Guild Idea and for introducing the Guild principles into industrial society, continuing to use the Coöperative Movement as its fiscal and marketing agent. Again, let Guild theorists select the Coöperative Movement as the dominant financial force in a future Guild society, and, by the same token, as the means by which the Guilds may be made responsive to the functional principle. Finally, let the Guildsmen eschew hope of anything approaching a "thorough" and final transformation of industry, or an academically complete and perfect Guild Commonwealth; rather, let them hope and work for a society in which Guilds will be a prominent, and, possibly, a dominant factor, and in which they and their customers can efficiently and equitably work out their own industrial solution, free alike from state regulation or financial autocracy.

In sum, let the Guildsman unite with the Coöperators for the gradual and peaceable upbuilding of a true "Co-operative Commonwealth."

Before proceeding with an explication of the way this program might meet the Guildsmen's chief problems, it may be well to give an idea of the nature and extent of the Consumers' Coöperatives. The British [26] Coöperative Movement is taken here as the dominant type of coöperation. It is primarily *consumers'* coöperation, made up of thousands of retail stores, bakeries, and the like, owned and democratically administered by such of their customers as care to "join" them. These stores are federated into "wholesales," which, besides conducting an enormous distributing trade in all sorts of commodities, are engaged in business for themselves on a very large scale. Thus, the British Coöperative Wholesale Society, or "C. W. S.," conducts a Banking Department whose gross clearings in the fiscal year 1919-1920 were £588,411,324, or about $2,400,000,000.[27] It also is engaged in the insurance business, its Health Insurance Section having, in 1921, investments amounting to £804,793, or about $3,900,000. The joint insurance department of the English and Scotch Cooperative Wholesale Societies had, in 1921, a premium income of more than £1,250,000, or about $6,000,000. The same society owned factories and mines whose gross production in 1920 was valued at £30,099,233, or about $140,000,000; and whose farms and estates contained 33,232 acres, at a total "nominal original value" of £1,012,375, or about $5,000,000. In addition it owned tea plantations in the Orient comprising 58,989 acres. It has recently established trading stations in Africa, to secure the raw materials for margarine, soap, and cocoa, while in the near future mahogany, hides and skins will also be handled. The Scottish "C. W. S." carries on similar activities, on about one-third the scale of the English society. The English, Scotch

[26] Including Scotch and Irish.

[27] The figures quoted in this section are from *The People's Year-Book* (Manchester, 1921).

and Irish societies showed, in 1919, an aggregate membership of 4,131,477; a combined share and loan capital of £74,411,306, or about $363,000,000, and a total sales of £198,930,437, or $829,500,000.

It is readily apparent from the foregoing that the Coöperative Movement is, at least in the United Kingdom, of tremendous proportions. It is also clear that it has immense financial power.

It should also be remembered that it is composed predominantly of working people—many of them trade-unionists—or their wives, and that it is democratically administered by them.[28] These labor affiliations are important, for, other things being equal, the Coöperative Movement would be expected to favor projects administered like itself by workingmen in the interests of the working class. This, of course, is the nature of the Guild Movement.

The Guild Movement is, moreover, essentially coöperative. Further, it already favors collaboration with the consumers' coöperatives, and would, if this plan were adopted, emphasize even more strongly the common interests of the two movements. Hence, there is every reason to expect that the membership and ideals of the Coöperative Movement would induce it to aid the development of the Guilds in every way practicable. The Guilds would, on their part, have to give assurance of financial soundness and honest work, but, in any case, they must do so, if they are to survive.

3. *The way in which the proposed modification might meet these obstacles* may now be discussed. These were seen to relate to three general questions: the needs of the Building Guilds and similar institutions, the policy of transition, and the structure of a Guild society. The results to be anticipated from the adoption of the scheme

[28] *Cf.* the references earlier in this chapter, Sec. i-l.

just outlined may best be discussed in connection with their particular application to each problem in turn.

The immediate requirements of the Building Guilds and cognate organizations are for financial support and for markets. The Coöperative Movement would provide both. Its financial resources are, as has been seen, more than ample, and, through its banking and insurance activities, it has funds seeking investment. Further, as shown by the success of the building Guilds in securing a loan from the Coöperators there is already some willingness on the part of the latter to render assistance. There can be no doubt, likewise, of the ability of these agencies to furnish a market for the Guilds.

If such an arrangement were consummated, the Guilds would be relieved from the distractions and uncertainties inevitable in enterprises that are financially hard-pressed. They could instead, with the assurance of adequate funds and markets, devote all of their energies to their own particular task: the development and multiplication of democratically self-governed industrial units. In short, the experimental Guilds would, for the first time, have a real chance to meet the very important opportunity which awaits them.

2. *The policy of transition* that might accompany the adoption of the policy here being proposed has already been stated. It is that the Guildsmen in seeking to introduce responsible democratic industrial self-government should place chief reliance upon the spread of experimental Guilds, aided by the Coöperative Movement. This does not mean that other measures should be abandoned. The reorganization of trade unionism would have to go on. In certain industries, the movement for nationalization and municipal trading or for "encroaching control" may have acquired such momentum, or may be so suited to technical requirements that they should be continued. For example,

if any marked change in the administration of railways, gas plants and the like is to be effected it will probably—at least in England—come *via* public ownership. Also, it should be remembered that much of the momentum for the London wing of the Building Guild Movement is due to the aggressive attitude of the Building trade operatives.[29] Nevertheless, the prospects are that accomplishments by these means are very strictly limited.

The alternative of violence has already been found to be unsatisfactory from various viewpoints. Consequently, the Guild Movement needs a transitional policy that is effective without being too drastic. The scheme here being discussed is believed to be capable of supplying this want.

What might be expected to follow its establishment as the major policy for bringing Guilds into being? First, the "left-wing" adherents of the Guild Idea would drop away, and their places would be more than filled by members of that very large group of persons who are desirous of promoting social changes, but who distrust "extremist" measures. Second, the Coöperative Movement would become permeated by a new spirit of idealism and progressivism, which, alas, it badly needs. With the ground thus broken for a forward movement by both Guildsmen and Coöperators, the Guild Idea might be expected to make rapid headway. Existing experimental Guilds would grow and multiply, stimulated by the support given them. New Guilds would be organized, for the Coöperative "Wholesales" would be expected to offer their patronage to productive enterprises organized on Guild lines, and to provide funds for their establishment. The large number of factories, farms, and mines already controlled by them would also probably be "Guildized." In short, that area of productive industry which to-day caters to the Coöpera-

[29] Sparkes: Garton Foundation, *The Industrial Council for the Building Industry* (London, 1920), Chap. i.

tive Movement would, in a relatively short time, be brought under Guild administration.

Meanwhile, the Coöperative Movement itself would be undergoing modification. It would, first of all, continue to grow, as it has in the past. It might very probably considerably accelerate its rate of growth, for the Guild method of organization ought—if the foregoing analysis is correct—to prove economically more efficient than existing methods, and enable the Coöperators to reduce prices. Moreover, their quickened spirit and their alliance with the "advanced" trade-union groups would give them a new basis of appeal for membership. Thus, as the Coöperative Movement grew, the field occupied by the Guilds would correspondingly expand, probably at an increasing rate.

Again, the Coöperative Movement would expand its fiscal undertakings. The possibilities in this direction are large—just how large no one can foresee. Certainly, with their far-flung retail stores, they could organize a system of branch banks that would be the envy of any "commercial" banking company[80] There is no reason why a very large share of the community's savings and checking accounts could not be secured by them. Their insurance business could be extended. They might also undertake an "over-the-counter" type of investment banking business of the sort that certain American institutions have developed. On the other hand, they already possess potentialities for concentrated and centralized financial power that are very large. The three great "wholesales" could, through their own funds and the deposits of their members, wield enormous power to-day. Thus, as the Coöperative Movement grew, as its banking operations increased, and as it deliberately set out to make use of its "credit-power," it could compete on equal footing with the "money lords"

[80] The insurance section already utilizes the retail stores in this way.

and might very likely overshadow them. Whether, however, the financial power of the Coöperatives would ever become the dominant one or not, it certainly should be sufficient to assure entire freedom of action to them, and to the Guilds attached to them.

Thus, a real "co-operative commonwealth" would have come into being, by a process of peaceful, but reasonably rapid transition.

This Guild Society—for such it would be—would undoubtedly not be coterminous with the entire community. The Guildsmen themselves do not claim that society could ever be completely "Guildized." It is probable that a very considerable area of industry would remain organized as at present, possibly the larger part of it. Nor can the Guildsmen validly object to such a possibility. Guilds can be established in place of other industrial forms only in so far and to the extent that they are superior to them. And, let it be remembered, economic efficiency must be measured in terms of quantity, quality, and cheapness of production, as well as of congeniality to the worker, for it is the consumer's interest which, in the long run, is paramount.

The Guildsman, therefore, who is genuinely concerned for the social welfare, and not merely for the triumph of his own theories, will gladly acquiesce in a program which would assure the Guilds as large, or as small, a part in industrial society as they could make for themselves.

For the benefit of the Guildsman who insists that one must be a "revolutionist" in order to promote a real revolution, an observation made above may be repeated. Profound social and industrial changes are not brought in by violent cataclysms. Sharp breaks with the past may accompany certain stages of progress, or may, on the other hand, arrest it. The reforms that really count, however, come with relative orderliness and deliberateness, but,

withal, with fateful irresistibility, for they meet and conquer old institutions in that deadliest of all conflicts, open competition. The revolutions that count are epoch-making just because they are not entrusted to the shifting fortunes of politics and war, but are free to encroach upon the every-day, economic and social activities of the older institutions, that is, upon their very vitals. It is a new industrial revolution which the Guildsmen would bring about. Very well, let them emulate the old one. Let them have done with "political action," and "direct action," and "catastrophic action," except in so far as one or another may be necessary to assure them a fair field. Let them, rather, with their coöperative allies, gird themselves to go out against the "trusts" and the "money-lords," and the "capitalists" and the "master classes," and beat them in their own field, by organizing to do the world's work more easily, more cheaply, and more honorably than they.

The structure of the Guildsmen's Ideal Commonwealth as affected by these proposals may be briefly outlined. This question has been seen to present two important, interrelated difficulties: the provision of capital and the enforcement of the functional principle.

It is clear that the establishment of the Coöperative Movement as banker and salesman for the Guilds would solve both.

The Guilds would not lack for funds. There would be no cramping restrictions on interest rates, no fantastic issues of "guilders," no elaborate and arbitrary budget-making through a "Guild Commune." Industry would not be paralyzed by a deadlock of "functional authorities." Instead, much the same machinery as exists to-day for the saving and investing of capital would remain, *with this difference*: that—at least in the case of the Guilds—the whole business of mobilizing and dispensing of credit

would be in the hands of the Coöperatives. That is to say, the Guilds would be financed much as are modern corporations, but by their allies, and, what is most important, by their customers.

The buyer-and-seller relation between the Guilds and their financial supporters supplies the key to the way in which the arrangement being discussed would lead to effective enforcement of responsibility to the community. As Messrs. Douglas and Orage have shown,[81] the most important economic interest of the community is that of consumer. As producer, it is divided; as consumer, it presents a solid front. Also, these same writers have shown that it is through credit-power that effective control over industry can be exercised. As they have shown, further, and as the analysis earlier in this chapter has also demonstrated, this sort of authority tends to concern itself mainly with *policy*, leaving actual *administration* to the management of the industry. Finally, the control of an industry's market is fully as effective an element of influencing its policy as the domination of its finances.

These three principles, applied to the question in hand, lead to the following result: the Coöperative Movement as a consumers' organization, would effectively represent the leading economic interests of the community, and it would do so by the granting or withholding of credit and custom to those Guilds who were, or were not, satisfactory to its constituents. And this control would not be arbitrary interference, or paralyzing bureaucracy, but would apply only to the policies of the Guilds, such as kind, grade, quantity, and price of products, extension and location of plant, relations to other industries, and the like, that is, the questions which the average "financial magnate" passes upon to-day. For the rest, selection of executives,

[81] And Mr. Cole in his earlier books, *cf. Self-Government in Industry* (First Edition), *passim*.

scales and gradations of "pay," hours and conditions of work, "maintenance," the extent of machinery employed, and the type to be adopted—in all of these the operating units would be left pretty much alone. There would be "self-government in industry," and it would be responsible to the community of consumers.

Two further observations may be made. The one refers to price-fixing; the other, to remaining unsettled questions. It has been seen that some method of price-stabilization is highly desirable. The Douglas-Orage Scheme may be the most satisfactory; or the adjustment of currency to volume of production may prove superior. In any case, the plan here outlined would go a long way towards making either project feasible, although government aid in some form would probably be necessary. If the Douglas-Orage Scheme were adopted, the Coöperatives could adjust credit issues in accordance with it, and could stipulate the observance of the price regulations as contingent to their giving the Guilds credit and custom. If the alternative device were decided upon, the Coöperative Movement, as one of the largest, if not the dominant one of the factors in the banking world, probably could bring about the adjustment of the community's paper currency to its production.

As to those problems which would still be unsolved, the writer would say two things. Some of them could be safely left to the logic of events for solution. Others are irrelevant to the essential nature of the Guild Idea. In the first category belong such questions as that of "local" versus "national" Guilds; of "medieval" versus "modernist" ideals; of handicraft methods versus machine production; of equality versus "gradation" in pay; of methods of election; of organization; and countless other more or less important details. Now, in case Guilds ever do become widely established, nobody knows just what type of Guilds they would be, and the writer for one, does not much care. The

chances are that there would be an infinite variety as to size, organization, government, and all the rest, according to locality, leadership, and industrial requirements. It is useful and necessary for individual Guildsmen to urge the advantages of one or another type, but it is idle to do more. There never was any single, standard form of medieval gild; there is no one type of modern business organization; and there is no more likelihood or need of there being any more uniformity among whatever Guilds the future may bring forth.

There are a number of other questions which have attracted a great deal of attention by Guild writers, but which would be, under the plan here proposed, foreign to the issue. Chief among these are problems of political organization. Now both Mr. Cole's "Guild Commune" theory, and Mr. Hobson's "Civic Sovereignty" theory, were evolved largely to insure the Guild's independence coupled with responsibility. The project outlined above seeks to meet this difficulty on other than political grounds. As a result, questions of politics fade into the background. In fact, so far as the Guilds are concerned, the state, or whatever civic agency might be evolved, would probably approximate to the type dear to the heart of the *laissez-faire* "free trader." It would have turned over the major duties of controlling industry to those immediately concerned with it, namely, the Guilds and their customers. To those forms of industry remaining outside of Guild organization, its regulatory functions would probably still apply, but these would not affect the Guildsmen as such. This suggests the true relations of these various political theories to the Guild Idea: *they are simply foreign to it.* Individual Guildsmen, in the present or the future, may continue, like Mr. Cole and Mr. Hobson, to interest themselves *both* in Guilds and in political theory, but they should not attempt to confuse the two. The political structure of the

society of the future is of great interest to them undoubtedly, but not in their capacity—either to-day or to-morrow—as Guildsmen.

But what, many Guildsmen may well ask, of "profiteering"? What of usury? What of rent, interest, and profits, and of surplus-value? What of "wagery"? Just so. What of them? The writer has made it very clear that the concepts behind these interests relate to a set of economic doctrines—mostly Marxian—that are alien to the genius of the Guild Idea, and are an embarrassment to it. The Guildsmen's business is to get the Guild Idea clarified and into action, and not to clutter it up with a lot of economic rubbish. The scheme put forward here would not answer these questions because they do not need answering.

One question remains. Suppose the program refuses to succeed, and the alliance of Guildsmen with Coöperators results in a very small increase of Guilds? Suppose "private enterprise," and "big business," and "the money-lords" still reign. Would not, for instance, the whole theory that such a scheme would bring in effective control by the community over industrial policy break down, if "the community" were a narrowly limited circle of struggling Coöperatives, and if the only industries subject to it were a few small Guilds? It certainly would. But the supposition is largely unjustified. Certainly the Coöperative Movement has reached imposing proportions in England; and there is no reason why, in time, it should not become increasingly powerful elsewhere. As to whether the Guilds, aided by such an organization could win a large area of industrial society for themselves, time only can tell. As the writer has shown, if they cannot succeed in doing so, they probably could not permanently succeed under any other régime—whether backed by force, or not

—and hence, would not be worth weeping over. The writer believes that the Guild Idea embodies principles of organization which make for technical efficiency and social well-being. He believes, further, that these principles are in harmony with the trend of modern industrial organization. Believing this, he thinks it likely that—given financial support and a steady market—they would eventually dominate a large part of industry, and probably the greater portion of large-scale enterprise. And any person with confidence in the Guild Idea should believe as much. The project would be a venture of faith, but a Guildsman who has not enough faith in his program to commit it to fair competition with its rivals is a very poor Guildsman.

There have been a variety of terms adopted by various proponents of the Guild Idea. The more radically minded have called themselves Guild Socialists, or even Guild Communists. Others have announced themselves as National Guildsmen or as local Guildsmen. Messrs. Douglas and Orage have avowed themselves to be Guild Distributivists. The writer hesitatingly adds another name to the list, and declares himself a Guild Coöperator.

Addendum

This work was finished and being prepared for the publisher before the writer saw the chapter in Mr. G. R. S. Taylor's *Guild Politics* on "Coöperative Societies."[1] There is a clear parallelism of thought between the writer's concept of "Guild Coöperation" and Mr. Taylor's proposal to "reorganize . . . industry on coöperative Guild lines." Therefore, in so far as any merit attaches to priority in the publication of this idea, it clearly belongs to Mr. Taylor. The writer is encouraged to believe that the fact that he and Mr. Taylor have independently arrived at the same conclusion gives added weight to it.

[1] Taylor, *Guild Politics* (London, 1921).

APPENDIX I

TWO YEARS' WORKING OF THE BUILDING GUILDS IN ENGLAND

C. S. JOSLYN

The following is a brief summary of an investigation undertaken by the writer during the winter and spring of 1921-1922 into the work of the Building Guilds of Great Britain. Only a few aspects of the many-sided development of the Guilds can here be treated.

Extent of Operations

Some idea of the magnitude of the Guild operations to date may be gathered from the following facts. The National Building Guild, Ltd., probably represents the largest single building concern in England to-day. Its organization is reported to comprise over 140 local Guild committees, only about half of which, however, are active. It employs 6,000 operatives, a number constituting between one and two per cent of the total Building Trade Union membership. Its contracts on hand total approximately £2,500,000, of which the London Guild has about £650,000, and its plant and equipment in London alone is valued at something over £20,000. Finally, it has to its credit about 1200 houses constructed for Local Authorities throughout the United Kingdom, at an estimated cost of £1,000,000.

Structure of the Guilds

The fundamental unit of Building Guild organization is the local Guild committee. This is ordinarily composed of one or two, but not more than two, representatives from

each local Trade Union connected with the Building Industry. In addition to this, one elected representative from any "approved group" of building trades workers, whether administrative, technical, or operative, may sit upon the committee. The London Guild, owing to the wide extent of the metropolitan area, has evolved a supplemental type of Guild organization known as the Arena Committee, composed of one or two representatives from each local committee in a designated area or district. In other cases, as at Walthamstow, where the work in hand is centered mainly in a single locality, the Area Committee may take direct representation from the local Trade Unions. These and other anomalies in the Guild structure are now being overhauled.

An extra-constitutional development in the local Building Guild organization is the Works Committee, set up in connection with each contract of any considerable size, and usually composed of one representative from each craft at work on the job and elected by the workers on the site. At Walthamstow and Greenwich the Works Committees on the two housing schemes are represented on the Area Committees through coöption. The status of the Works Committee is still a cause for much spirited dispute among the Guildsmen, but it is certain to play an important part in the Guild organization of the future and before long its functions will probably be more clearly defined in the Constitution.

The Regional Council, of which there are nominally 10 in Great Britain, is formed of not less than ten Guild Committees, and is based upon the regional areas of the National Federation of Building Trades Operatives. In London the Council is composed of eleven members representing the unions affiliated to the N. F. B. T. O., nine members representing the Area Committees in different parts of London, one representative of an approved group of architects and surveyors, one from the Electrical Trades Union, and one from the National Union of Clerks.

The National Board, the governing body of the National

Building Guild, is composed of one representative from each Regional Council, nominated and elected by the Guild Committees in that region. The Trade Unions, as each, are not represented on the National Board, but it is expected that arrangements will soon be made for such representation, inasmuch as the Building Guild, to use the words of Mr. S. G. Hobson, is "throughout its structure a Trade Union body." Indeed, this is the outstanding feature of the organization and functioning of the Guilds.

Administrators and Technicians

At the head of each Guild Committee, and elected by its members, are a chairman and secretary, who may or may not be members of the Committee, but must be members in good standing of their own Trade Unions. Supervising the work of each craft on a job is a departmental foreman, appointed by the Guild Committee upon the recommendation of the Managing Committee of the Trade Union concerned. The general foreman, who has charge of all the work on a given contract, is appointed by the Guild Committee, subject to the approval of the Regional Board, from candidates submitted to the Committee by the various Trade Unions. No foreman, it should be remarked, is appointed by the men working on a given contract, a fact which may account in some measure for the considerable vogue which the Works Committees have so far achieved among the rank and file. The decision to recall is in the hands of the appointing committees.

The Regional Council or Board appoints its own officers, selecting them from applications sent in by suitable candidates. These are: the Regional Secretary, whose work, to use the words of Mr. Malcolm Sparkes, is "to open up new business for the Guild, to conduct its general administration, and to organize its publicity"; the Accountant, who has charge of the cost and other accounting; and, in London, the Building Organizer, who issues estimates and conducts the building operations.

In addition to this, each Regional Council is supposed to

possess a full complement of technicians, including architects, surveyors, engineers, etc., although in practice this ideal is seldom realized. The surveyor is usually paid on a salary or commission basis (¾%), while the architects receive the customary fees prevailing in private industry. The salaries of the heads of departments, *e. g.*, the Regional Secretary and the Accountant, are from 25 to 50% above those of general foreman, which, in turn, are about twice the standard rate for operatives. Departmental foremen receive 3d. per hour above the standard rate.

Distribution of Function

A prominent characteristic, and a troublesome one, of the Guild distribution of control, is that of local autonomy. The local Guild Committee is responsible in all cases for the carrying out of contracts, appoints its own foremen, and controls its own bank account, drawing and signing checks for wages, materials, and all other purposes. It cannot, however, pledge the credit of the Regional Council without the Council's consent, nor can that body in turn pledge the credit of the National Board—which, under the recent amalgamation, is the legal entity for the purpose of signing contracts, arranging credit, organizing finance, and in general assuming the legal liabilities involved in the business—without the Board's consent. Subject to these limitations, the Regional Councils have full power to enter into and carry out all contracts, exercising general supervision over the work of the Guild Committees for this purpose, and also have general charge of supplies, finance, continuous pay, etc.

No one holding a managerial position can have a vote on the Regional Council. The departmental heads do, however, attend the meetings of the Board in an advisory capacity, and are likely to have their way if they can carry conviction among the members by a reasoned statement of their views. No formal referendum is ever taken among the rank and file on questions of policy or technique, but in London there has developed an unofficial organization known as the Area

Conference. This is a monthly meeting of delegates from all the Area Committees, at which the management is fully represented, and its purpose is to bring the rank and file into close touch with administrative problems of the Guild. Many questions are referred from the Regional Board to the Area Conference for discussion and settlement.

The distribution of function as between the Works Committee and the Guild Committee is still an unsettled question. There is a strong pressure of opinion among the rank and file for extending the functions of the Works Committees to include even that of actual management, and it is undeniable that some resentment has been caused by the manner of appointment of foremen and administrators, who are not subject to direct control by the rank and file. To the writer, wherever he has carried his investigation, this has seemed in the highest degree providential. It is pretty generally the opinion among the Guild management that control by Works Committees is not conducive to the greatest efficiency, and their counsel in this matter is likely to prevail.

Continuous Pay[1]

The standard rate established by the Wages and Conditions Council of the building industry constitutes the basic rate of pay for all operatives in the service of the Guild. In addition to this the workers receive: (1) pay for time lost through accidents at approximately the standard rate, including the amount payable under the Workmen's Compensation Act; (2) pay for time lost through holidays or bad weather at the full standard rate; and (3) pay for time lost through sickness, at 50% of the standard rate, for terms varying from four weeks to six weeks per man per year, according to the length of service. This modified scale of sick pay was adopted in January, 1922.

The cost of continuous pay for the London Guilds for the year ending March 31, 1922, works out at something like 3½% of the total wages bill.

[1] "Maintenance"—N. C.

Building Costs

Only the single instance of the Walthamstow Guild can here be cited. Tenders from seven different competitors for the erection of the 400 houses were received by the Walthamstow Urban District Council. The accepted estimate of the London Guild works out at more than £14,000 below the lowest estimate submitted by the private contractors. Figures in the writer's possession show an *average* saving over *average* basic price on houses so far completed, as follows: on Type 119, of about £38 per house; on Type 183, of about £10 per house; and on Type 171, of about £12 per house. Similar figures for Greenwich show an approximate saving, over the estimates, of £73 per house on Type B.3.S., and of £33 per house on Type B.4.N.[2]

Guild Workmanship

The workmanship of the Guilds is almost universally admitted to be superior to that of the general run of private

[2] Author's Note.—It might be well to point out the significance of these facts. The Building Guilds have been able pretty consistently to underbid "private" contractors, and then have saved money *on their own estimates*. This means that their costs have been low enough to permit them to cut under the average prices for building work, and to make additional savings on those reduced rates. The total economics represented by this double saving must be very considerable. This circumstance is the more remarkable in view of the fact that the Guilds had at least two types of expense which the average "private" builder did not encounter. First, they made heavy outlays for "continuous pay," amounting, as shown above, to 3½% of their total wages bill, and, second, as new enterprises, operating on slender financial resources, they must have had to make heavy provision for offices, "plant," and the inevitable losses involved in new undertakings. Furthermore, as the succeeding section shows, there is general agreement that the *quality* of the Guilds' work has been superior to that of ordinary "private" contracting. This means that economy has not been achieved at the expense of workmanship and material; on the contrary, the Guilds have been more liberal with both than their rivals.

The conclusion seems inevitable that—at least in this industry, and at this stage of development—the Building Guilds have secured such a large measure of personal efficiency, organizing ability, and all-around *esprit de corps*, as to enable them to do better work than the average "private" builder at very much less cost. N. C.

contractors. Not least in significance is the testimony of the employers themselves, who from time to time have submitted evidence purporting to show that the efficiency of labor on Guild contracts, as regards costs, is over twice that on private builders' work. Experts are virtually unanimous in the opinion that the workmanship of the Guildsmen, as regards quality, is markedly superior to the of workers on private contracts. From personal observation the writer can state that, although the efficiency of Guild labor did not strike him as anything remarkable, at least when compared with American standards, it certainly excelled the average of the private contractors and came very near to equaling, in external appearance at least, even the best organized of private building concerns.

It may be that in this first burst of enthusiasm the Guild workers are literally outdoing themselves. In the next year or two, particularly as the work on the housing schemes nears completion, some of these signs of conscientious and efficient workmanship may disappear. But the writer believes that, whatever may be the final verdict as to the work of the Building Guilds—and there is a great deal more to be said on that point than has been said here—no doubt can be raised but that a spirit of genuine interest in furthering production and in promoting higher standards of workmanship has underlain the work of the Guilds. Such a spirit is all too rare in privately-owned industry as now conducted. The following motto of the Guildsmen may or may not prove to be a prophecy, but it contains at any rate a truth which we may all take to heart:

They shall maintain the fabric of the world,
And in the handiwork of their craft is their prayer.

—Eccles. xxxviii, 31.

NILES CARPENTER,

GUILD SOCIALISM

APPENDIX II

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A hostile and rather superficial criticism.

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A reprint of the original "National Guilds" essays, that appeared in *The New Age* during 1912-1913. In some ways, still the best short statement of the Guild Idea.

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"A book for the younger generation." Stresses philosophical and humanitarian points of criticism of existing conditions rather more than other Guild works.

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INDEX

Admission to guilds. *See* Membership in Guilds.

Agricultural coöperation, 295, 296.

Agricultural guilds, 162.

American industrial unionism. *See* Industrial Unionism and Syndicalism.

Anarchy, hazard of. *See* Hazard of Anarchy.

Anglo-Catholic revival, 41, 42, 65, 92, 111. *See also* Medievalism.

Anti-collectivism, 61-65, 81. *See also* Belloc, Hilaire; Chesterton, G. K.; Penty, A. J.

Anti-politicalism. *See* Industrial Action.

Anti-statism, 49, 51, 52. *See also* Figgis, J. N.; Functional Democracy.

Archbishop's report on industrial relations, 111.

Arnold, Matthew, 30, 31, 92.

Artistic medievalist reaction. *See* Arts and Crafts Movement; Pre-Raphaelite Brotherhood.

Arts and Crafts movement, 46, 83, 90. *See also* Morris, William.

Australasia, 114.

Austria, 116.

Background of the guild idea. *See* Contents, Chapter ii.

Banks and banking, 182, 185-187, 240, 321. *See also* Douglas-Orage Credit Scheme.

Bax, Belfort, 17, 18, 55.

Bechhofer, C. E., 235, and Bibliography.

Belloc, Hilaire, 61, 62, 84.

Benbow, William, 11, 12.

Bibliography. *See* Appendix II.

Bi-metallism, 261.

Birth of the guild movement. *See* Contents, Chapter III.

Bolshevism. *See* Dictatorship of the Proletariat; Russian Soviet Republic.

Browning, Elizabeth Barrett, 32.

Building guilds, 118-125, 216, 217, 245, 249, 250, 296, 297, 308, 309, 314-316, 319. *See also* Appendix I.

Building guildsman, The, 123.

Bureaucracy. *See* Collectivism.

Capacity, intellectual. *See* Mental Levels.

Capital provision, 181, 185-187, 239-246, 314, 315. *See* Banks and Banking.

Carlyle, Thomas, 26, 27, 43, 44, 92.

Case for guild socialism. *See* Contents, Chapter V.

"Catastrophic Action," 131, 204, 209, 212, 213, 315. *See also* Dictatorship of the Proletariat; General Strike.

Cazamian, Louis, 21 (footnote).
Chartism, 8-15.
Chesterton, G. K., 61, 62, 84.
Christian socialism, 21-24.
Church socialist league, 111.
Civic guilds, 162, 163.
Civic sovereignty, 99, 180-183, 270, 271, 302, 326. *See also* Hobson, S. G.
Classification of guilds, 161, 162.
Cobbet, William, 39, 40.
Coercive functions of "commune," 188, 189, 267.
Cole, G. D. H., 67, 88-90, 94, 97, 99, 104, 105, 127, 149, 163, 222, 234, 241-245, 248-250, 266, 267; and Bibliography.
Collective contract, 208.
Collective utilities, council, 184.
Collectivism, 37, 38, 56, 57, 64, 82, 83, 266-271. *See also* Fabian Society.
"Compassionate Allowances," 216.
Commodity theory of labor, criticism of, 18-20, 142.
Communal functions, 179, 180.
See also Functional Democracy.
"Commune, Guild." *See* Functional Democracy.
Community and the guilds, 176-192. *See also* Functional Principle.
Confiscation. *See* Expropriation.
Consolidation of trade unionism, 199, 200.
Consumer control. *See* Consumers' Coöperation.
Consumers' coöperation, 163, 295, 317, 318, 324, 325. *See also* Coöperative Wholesale Society.
Continuous pay. *See* Industrial Maintenance.
Coöperative movement, 9, 10, 316-327. *See also* Consumers' Coöperation and Producers' Coöperation.
Coöperative production. *See* Producers' Coöperation.
Coöperative wholesale society, 120, 317, 318.
Coördinative functions of "commune," 185, 186.
Corporation control and finance, 291-294, 298, 310.
Craftsmanship, 144, 282-285.
Credit and credit power, 155, 156, 190, 219-223, 225, 240, 257-259, 310, 315, 323, 324.
Cultural council, 184.
Currency, 153, 154, 179, 225-229, 240, 241, 251-259, 261, 262, 311, 312.

de Maeztu, Ramiro, 97, 98, and Bibliography.
Definition of guilds. *See* Guilds.
Democracy. *See* Functional Democracy; Industrial Democracy; Political Democracy.
"Democratic Socialism," 46, 47. *See also* Morris, William.
Dickens, Charles, 33-35.
Dictatorship of the proletariat, 130, 131, 134, 151, 203, 204.
Diffusion of the guild idea, 106-117.

Direct action. *See* Industrial Action.
Disputes over application of the guild idea, 125-137.
Disraeli, Benjamin, 32, 33.
Distributive guilds, 163, 164.
Divided sovereignty. *See* Functional Democracy.
Dividends. *See* Interest and Social Dividend.
Division of labor. *See* Medievalism.
Douglas, C. H. (Major), 100, 101, 127, 128, 328, and Bibliography.
"Douglasism." *See* Douglas-Orage Credit Scheme.
Douglas-Orage credit scheme, 100, 101, 126-128, 133, 134, 190-192, 218-229, 250-263, 268, 269, 279-281, 302, 307, 309-312. *See also* Credit and Credit Power; Currency; "National Credit Account"; Price and Price-Fixing; Producers' Banks.

Economic case for guild socialism. *See* Economic of Guild Socialism.
Economic democracy. *See* Douglas-Orage Credit Scheme.
Economic laws, limitations of, 304, 305.
Economic power. *See* Preëminence of Economic Power.
Economic theories, indifference to, 37, 234-236. *See also* Political Economy, Criticism of.
Economics of discontent, 16-20. *See also* Political Economy, Criticism of; Marxism.
Economics of guild socialism, 149-157, 233-263. *See also* Douglas-Orage Credit Scheme; Marxism.
Election of foremen, 207.
Elements of strength in the guild idea. *See* Contents, Chapter IX.
Encroaching control, 99, 100, 204-216, 315.
Encroachment over rent, interest, and profits, 210.
Ethics of guild socialism, 142-145, 276-281.
Expansion of trade-unionism, 200-203.
Experimental guilds, 124, 320. *See also* Building Guilds.
Exploitation theory of rent, interest, and profits. *See* Marxism and Profiteering.
Expropriation, 209-217, 276-279, 315. *See also* Ethics of Guild Socialism.
Expulsion from guilds. *See* Membership of Guilds.

Fabian society, 37, 47, 56, 57, 83, 85, 89, 91, 92, 94-96, 103, 110.
Factory legislation, 24-26.
Failure to provide for a party system.
See Party System.
Feeble-mindedness. *See* Mental Levels.
Figgis, John Neville, 65, 66, 89.
See also Anti-Statism.

Financial control of corporations. *See* Corporation Control and Finance; and Credit Power.
Foreign exchange, 261, 262.
Foreign labor movements. *See* Syndicalism.
Foremen, election of. *See* Election of Foremen.
France, 115, 116. *See also* Syndicalism.
Functional democracy, 52, 67, 99, 147-149, 183-190, 266, 275. *See also* Cole, G. D. H.
Functional foremanship, 298.
Functional principle, 97, 98, 145, 159, 160, 302-305, 311, 312, 315.

Gaskell, Elizabeth Cleghorn (Mrs.), 32.
General strike, 11, 51, 213.
George, Henry, 55, 57.
Germany, 116.
Gilds, medieval, 244, 246-250, 270.
Gilds restoration movement, 83, 90-93.
Government of guilds, 165-167.
"Gradations in pay." "Pay."
"Guild commune." *See* Functional Democracy.
Guild communism, 327, 328.
Guild coöperation, 313-328.
Guild councils and congresses, 175, 176, 181, 182, 189, 243, 244.
Guild distributivism. *See* Douglas-Orage Credit Scheme.
Guild idea, central principles of, 191-305.
Guild idea, diffusion of. *See* Diffusion of Guild Idea.
Guild literature, 105, 106, and Bibliography.
Guild socialism, first use of term, 94.
Guild Socialism, The, 103, 104, 127.
"Guilders," 179, 241.
Guilds—classification of. *See* Classification of Guilds.
Guilds, definition and general discussion of, 158-175.
Guildsman, the. *See* Guild Socialist, the.

Hazard of anarchy, 264-266. *See also* Violence.
Hobson, S. G., 87, 88, 93, 94, 97, 99, 105, 118, 125, 127, 149, 163, 180-183, 213, 234, 240-244, 270, 271, 326, and Bibliography. *See also* Civic Sovereignty.
Hodges, Frank, 109, and Bibliography.
Hood, Thomas, 32.
Hyndman, H. M., 18, 55.

Ideal commonwealth of guild socialism. *See* Contents, Chapter VI.
Idealist and interventionist reaction against industrialism, 21-39.
Independent occupations, 177, 178.
Indifference to economic theories. *See* Economic Theories, Indifference to.
Industrial action, 49, 51, 77, 194, 195, 209. *See also* Revolutionary Trade Unionism and Syndicalism.

Industrial autocracy, 142, 143. *See also* Industrial Democracy.
Industrial democracy, 50, 53, 167, 168, 294-301.
Industrial depression, 1907-1910, 68, 72.
Industrial depression, 1920-1921, 107, 108.
Industrial guilds, 161, 162.
Industrial maintenance, 171, 172, 312, 313, 333, 334.
Industrial self-government, 291-294. *See also* Industrial Democracy.
Industrial unionism, 51, 196, 197. *See also* Syndicalism.
Industrial unrest, 76, 77, 106, 107, 144.
Inflation, 259. *See also* Currency.
Ingram, John Kells, 20.
Instincts of craftsmanship. *See* Craftsmanship.
Insurance act, 58, 86.
Inter-guild relations, 175, 176. *See also* Guild Councils and Congresses.
Interest, 133, 157, 240-245, 327. *See also* Profiteering and Social Dividends.
Investment. *See* Banking; Capital Provision.
Italy, p. 117.
I. W. W. *See* Syndicalism.

Jackson, Holbrook, 84, 91.
Japan, 115.
Joslyn, C. S., 329.

Kingsley, Charles, 24.

Labor notes, 13, 14. *See also* "Guilders."
Labor party, 59, 60, 67-73, 80, 87.
Labor value. *See* Marxism.
Laissez-faire. *See* Economic Laws, Limitations of; Political Criticism of.
Lambeth conference of Anglican bishops, 112.
Leo XIII (Pope), 115.
Literary medievalist reaction, 43-46. *See also* Carlyle, Thomas; Ruskin, John.
Literary revolt against industrialism, 25-35.
Lloyd George, David, 58, 63.
Local guilds. *See* Structure of Guilds.
London guild of builders, 122.

Machinery, 146. *See also* Craftsmanship and Medievalism.
Maitland, Frederick William, 66, 89.
Malthusianism. *See* Political Economy, Criticism of.
"Mammonism," 21, 45.
Managerial classes and trade-unionism. *See* "Salariat."
Mann, Tom, 78.
Manning, Henry Edward (Cardinal), 43, 44.
Marx, Karl, 16, 27.
Marxism, 16-19, 150-154, 235, 245, 260, 277, 327.
Maurice, F. D., 23.
Medievalism and medievalists, 39-49, 81, 246-250.
Membership in guilds, 168-171.
Mental levels, 285-288.
Mill, John Stuart, 51, 56, 304.

Miners and mining federation of Great Britain, 76, 77, 109, 126, 220. *See also* Douglas-Orage Credit Scheme and Triple Industrial Alliance.
Misreading of economic history, 246-250.
Monopoly of labor, 201. *See also* Expansion of Trade Unionism.
Moral case for guild socialism. *See* Ethics of Guild Socialism.
Morris, William, 43, 46-47, 55, 88.
Motives. *See* Psychology of Guild Socialism.

"National Credit Account," 225-229. *See also* Douglas-Orage Credit Scheme.
National guilds. *See* Structure of Guilds.
National guilds, first use of term, 94.
National guild council, 124, 125.
National guilds league, 94-96, 101-104, 125, 130-134, 136, 148, 149.
Nationalization, 210-212.
New age, the, 64, 73, 77, 84-86, 93, 94, 97, 100, 104, 105, 126-128. *See also* Orage, A. R.
"New Liberalism," 57.
"New Unionism," 53-56.
Newman, John Henry (Cardinal), 42.
Novel, English social. *See* Literary Revolt against Industrialism.

Obstacles to spread of guild principles, 314, 315.
Occupational representation. *See* Functional Democracy.
Orage, A. R., 64, 65, 74, 84-86, 105, 280 (footnote), 328, and Bibliography. *See also* New Age, The; Douglas-Orage credit scheme.
Owen, Robert, 9-11.
Oxborne decision, 80.
Oxford movement. *See* Anglo-Catholic revival.

Party system, 274-275.
Paton, J. M., 99, 100, 103, 108, 205.
"Pay," 171-175, 182, 185, 186, 234, 235, 266.
Penty, A. J., 65, 81-83, 105, 125, 127, 246-250, 269, 270, and Bibliography.
Plumb plan, the, 113.
Political action, 47, 55, 56, 60. *See also* Industrial Action and Labor Party.
Political democracy, 263, 264, 287, 288, 294, 295.
Political economy, criticism of, 18-20, 23, 29, 34, 35, 43, 44.
Political medievalist reaction. *See* Tory Democracy.
Political revolt against industrialism. *See* Factory Legislation.
Politics of guild socialism, 263-276, 326.
Popular medievalist reaction, 39, 40.
Preëminence of economic power, 146, 147.